

# FINANCIAL TIMES

Weekend

Weekend FT  
Chapter I of the  
FT's serial thriller

Being an atheist  
can be difficult

The voice of Christmas  
to the world

World Business Newspaper <http://www.ft.com>

WEEKEND DECEMBER 21/DECEMBER 22 1996

**The FT's 12-part series continues on Monday**  
**FT Mastering Enterprise**  
Part 5: People and teams

## Irregularities claim in CalEnergy bid for UK utility

The UK takeover panel in effect stopped the clock on the £782m (\$1.3bn) hostile bid by CalEnergy of the US for British utility Northern Electric amid accusations of irregularities in the conduct of the bid. The result of the bid battle, which closed at 1pm yesterday, had been expected last night. Both sides disclaimed any responsibility for infringing Britain's takeover code.

**UK challenge to Beijing:** Britain threatened to take China to the International Court of Justice over its plan to replace Hong Kong's legislative council when the colony is handed over in July. Page 3

**American astronomer Carl Sagan dies**  
Carl Sagan (left), the American astronomer and gifted storyteller who extolled and explored the grandeur and mystery of the universe in his lectures, books and an acclaimed TV series, died of pneumonia at the age of 62 in a Seattle, Washington, hospital after a two-year battle with bone marrow disease. He won the Pulitzer Prize for nonfiction in 1978.

**Ameo, the UK construction group, is to pay** between £20m and £25m (\$33m and \$38m) for up to 48.6 per cent of Spie Batignolles of France, creating one of Europe's largest building and civil engineering companies. Page 6

**Yeltsin back to work** Boris Yeltsin will return to work at the Kremlin on Monday, seven weeks after a quintuple heart bypass operation. The Russian president has been largely absent since being re-elected for a second four-year term last July. Page 2

**Hachette buys Polish news chains** Poland accepted a sole-bidder offer from a Hachette-led consortium for the country's biggest newsagent chain, Ruch SA, which has a 65 per cent market share through 17,000 outlets. Page 5

**Sweden to check for Nazi gold** Sweden will launch an investigation into allegations by the World Jewish Congress that Nazi gold from the second world war found its way into the country's bank vaults.

**Turks to curtail gaming:** Necmettin Erbakan, Turkey's Islamist prime minister, said the country's casinos would be closed and a lottery discontinued due to concerns over their effect on Turkish society.

**Cambodian prince going home:** Prince Norodom Sihanouk says he cannot afford living in exile in France and will return to Cambodia, despite facing a 10-year sentence for allegedly plotting to kill second prime minister Hun Sen.

**Landmine bans Austria** is to become the first state to ban anti-personnel landmines. A bill drafted by the Austrian Red Cross cleared its final hurdle and next year will prohibit their manufacture, use and possession.

**Century for Hussain** England finished the third day of the first cricket test against Zimbabwe at Bulawayo on 306 for four, with Nasser Hussain 101 not out. Zimbabwe made 376 in their first innings.

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Companies in this issue	
Ameo	6
Anglo American	6
Arrow	6
BP	6
BSkyB	6
Badenwerk	6
Beid (William)	6
Bayenwerk	6
Burnfield	6
CS	6
CS Holding	6
Claremont Gemmets	6
Clyde Petroleum	6
Coste Virella	6
Credit Suisse	6
Deutsche Bank	6
Dewhurst	6
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Elektronatt's	6
Engelvergoering	6
English China Clay	6
FGU	6
Lorho	6

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## EU ministers reach deal on plan to preserve stocks and safeguard industry Fishing quota cuts agreed

By Caroline Southey  
in Brussels

European Union fisheries ministers yesterday agreed modest reductions in fish catch quotas for 1997, after all-night talks to reduce cuts proposed by the European Commission.

Mrs Emma Bonino, commissioner for fisheries, collapsed from exhaustion after the 21 hours of negotiations.

Mrs Bonino, who was later recovering at home, had argued for larger reductions in catches on the grounds that

some fish stocks in EU waters were depleted and that action was necessary to safeguard the future of the industry.

"The reductions were not that big," an EU official admitted. "But for the first time there was unanimous agreement that there is over-fishing and over-exploitation."

However, conservationists said the agreement to dilute the Commission's proposal meant fish stocks would be run down, hurting fishermen in the longer term.

In a complex deal, ministers agreed to cuts in total allow-

able catches (TACs) on about 30 stocks, including cod, mackerel, North Sea herring, plaice and sole. For the rest of the 85 stocks subject to TACs and quotas, there was little significant change to 1996 limits.

TACs are set for certain stocks in particular areas. Quotas are the allocation of the TACs to a particular member state on the basis of historical fishing patterns.

"With the exception of herring and mackerel, for which emergency measures have been taken, these figures are

only slightly changed in relation to 1996," the ministers said in a statement.

Mr Sean Barrett, the Irish marine minister, said the ministers had arrived at "sensible and pragmatic quotas". The negotiations had been "particularly complex with a lot of new elements".

A commission official said the biggest disappointment had been the rejection of a proposal to impose a TAC on bluefish runs in the Mediterranean and the Atlantic, and on swordfish in the Atlantic. A TAC has never been imposed in

the Mediterranean and the move was strongly resisted by Greece and Italy.

Ministers also rejected plans to impose restrictions on the fishing of sardines off the Iberian peninsula.

The final deal was agreed by all member states except Belgium and Sweden. Belgium wanted a quota of 23,000 tonnes for North Sea sole and Sweden wanted more cod under a compensation deal.

Continued on Page 24  
Fish deal may help PM to survive, Page 4

## Peru makes pledge to US over hostages

Peruvian president Alberto Fujimori yesterday pledged to protect the lives of the 380 hostages held by left-wing guerrillas inside the Japanese ambassador's residence in Lima, as evidence emerged of deteriorating living conditions in the compound.

Mr Fujimori made the promise in a letter to US President Bill Clinton, as relatives of the hostages held a candlelight vigil (right) outside the compound.

Report, Page 24



## Clinton completes second-term cabinet

By Gerard Baker  
in Washington

US president Bill Clinton yesterday filled the final gaps in his second term cabinet, securing a delicate ethnic and political balance at top of the new administration.

Mr Federico Peña will move from transportation to energy, to be replaced by Mr Rodney Slater, the current federal

highway administrator. Ms Alexis Herman, director of the White House office of public liaison, will take over from the departing Mr Robert Reich as labour secretary, and Mr Andrew Cuomo will move up from his current post as an assistant housing secretary to become secretary for housing and urban development. All four nominations are subject to confirmation by the Senate.

The president also announced the nomination of Ms Janet Yellen, a member of the Federal Reserve Board, to chair his council of economic advisers, replacing Mr Joseph Stiglitz who is to join the World Bank as chief economist early next year.

The appointments highlight the president's determination to maintain strong representation of ethnic minorities

and women in cabinet. Mr Peña had been widely expected to leave the cabinet, but his departure would have removed the only remaining Hispanic member, a move considered politically unwise given the size of the Hispanic community and the importance of its vote for the Democratic party.

Ms Herman and Mr Slater are both black. Mr Clinton's

cabinet of 14 members will include three black people, one Hispanic and four women.

Yesterday's nominations also marked a slight shift to the left in the new administration. The main members of the domestic policy team, previously announced, include Mr Erskine Bowles, chief of staff, Mr Robert Rubin, who is

Continued on Page 24  
Utility shake-up, Page 5

## Japan drafts tight budget

By William Dawkins in Tokyo

Japan's finance ministry plans to tighten fiscal policy next year for the first time since the turn of the decade - a sign it is confident enough of economic recovery to start trimming the state's growing debts.

The ministry's draft 1997 budget raises spending by a nominal 3 per cent to ¥77,390bn (\$679bn) in the year starting next March, much lower than the 5.8 per cent rise the previous year.

Economists in Tokyo greeted the budget as a victory for the powerful finance ministry over the ruling Liberal Democratic party. The LDP was keen to increase public spending to boost a fragile economy, but the finance ministry warned this might risk damaging an already modest recovery.

Next year's tax revenues are

forecast by the ministry to grow by 12.5 per cent - having fallen this year - helped by a politically unpopular rise in sales tax from 3 per cent to 5 per cent from next April and an end to a temporary income tax cut.

The ministry assumes that tax income will be helped by a nominal 3.1 per cent rise in gross domestic product next year, higher than most private sector economists' forecasts.

The draft is to be adopted by the cabinet next Wednesday and presented to parliament next month. Only minor changes are expected before the budget becomes law.

Within the total, general spending on central government services is to rise by a nominal 1.5 per cent, to ¥855.8bn, a slight decline in real, inflation-adjusted terms. As a result, the net budget

deficit is forecast to fall from 4.1 per cent of GDP this year to 2.6 per cent next, the first improvement in the government's financial balance since 1990. Outstanding gross debt is, however, expected to continue rising from 87.4 per cent of GDP this year to 93.1 per cent next, among the highest in the Group of Seven industrialised countries.

On the strength of higher tax revenues, the ministry plans the largest reduction in government bond issues in modern Japanese history, by ¥4,322bn to ¥16,707bn, at which level new borrowings will cover 21.6 per cent of budget spending, down from this year's record high of 28 per cent.

Yesterday's draft budget

Continued on Page 24  
Lex, Page 24

STOCK MARKET INDICES	
FTSE 100: 4,974.8 (+25.3)	US DOLLAR INDEX: 85.12 (+0.12)
Yield: 5.91	3-m Treasury Bill: 4.89%
FTSE Euroshare 100: 1,688.55 (+23.13)	Long Bond: 6.92%
FTSE All-Share: 1,989.71 (+0.74)	Yield: 6.99%
Nikkei: 19,880.46 (+119.78)	
New York Composite: 5,492.28 (+18.45)	
S&P Composite: 748.28 (+3.32)	

US LUNCHTIME RATES	
Federal Funds: 5.1%	
3-m Treasury Bill: 4.89%	
Long Bond: 6.92%	
Yield: 6.99%	

NORTH SEA OIL (Argus)	
Brent Crude: \$24.01 (+4.21)	
WTI Crude: \$23.75 (+4.11)	

LONDON MONEY	
3-m Interbank: 6.75%	
12-m Interbank: 6.75%	
12-m Gilt: 6.75%	

GOLD	
New York COMEX (Feb): \$370.5 (+71.1)	
London: \$370.15 (+70.2)	

STERLING	
New York: 1.6885	
London: 1.6885	
Frankfurt: 1.6885	
Paris: 1.6885	
Madrid: 1.6885	
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Riga: 1.6885	
Vilnius: 1.6885	
Lithuania: 1.6885	
Latvia: 1.6885	
Estonia: 1.6885	

CONTENTS	
News	19
International News	23
UK News	4
Weather	24
Law	24
Politics	24
Leaders Page	24
Letters	24
Companies & Finance	5-6
Markets	7
FTSE Analysis	21
FTSE A World Index	19
Foreign Exchanges	10
Gold Markets	7
Energy Options	19
London SE	21
US Listings	20
Managed Funds	12-17
Money Markets	10
Research Issues	19
Share Information	22-23
World Commodities	7
Wall Street	18, 19
Bouquet	18, 19
Weekend FT	Section 1

Cindy Crawford's choice

Probably today's most successful top model, Cindy Crawford knows how to match her image and elegance to the styles of the world's great designers. Qualities she finds in her Omega, an evening dress and in her daily life. "Trust your judgement, trust Omega" - Cindy Crawford.

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## NEWS: EUROPE

## Rifkind denies UK is holding up EU reform

By Bruce Clark and Quentin Peel

Mr Malcolm Rifkind, the UK foreign secretary, is very, very sensitive to the accusation - often heard in continental Europe - that Britain is holding up the reforms that will prepare the European Union to take in new members.

It is, he says, "absolute bollocks" to lay this charge at the door of a country which believes strongly in enlarging the EU, and is doing its bit at the Union's inter-governmental conference to help the process along.

Warning to the subject like a lawyer who loves a good verbal scrap, he used a recent interview to dismiss the suggestion that UK opposition to the extension of majority voting would hold up the IGC or stop the Union expanding.

The whole issue, he says, is a red herring: majority voting was well entrenched in some areas, and out of the question in others, such as amending the EU treaty. Only over such subjects as the environment, research and indus-



Rifkind: alarm over Cyprus

trial policy was there a real debate about whether to keep the veto.

"Nobody's going to persuade me that enlargement depends on research and development being decided by majority vote," he

insisted, while reeling off a list of areas - from trimming the size of the Commission to the adjustment of voting weights - where Britain would play a helpful role at the IGC.

While London - in common with about half the other EU members - was opposed to the Franco-German vision of a multi-speed Europe, Britain did support the principle of flexibility within the Union, he insisted.

In any case, he had little doubt that the IGC would be successfully wrapped up by the Amsterdam summit in six months. "Such matters as need to be decided will be decided," after a hectic round of last-minute bargaining.

It was Mr Rifkind's strong hope that a few months later, the Commission would clear the way for enlargement negotiations with all 10 of the applicant countries by pronouncing favourable verdicts on their eligibility.

But if there were any cases where the Commission's advice - after due study of the would-be members' level of development -

was negative, then this opinion should be accepted. While some EU states might favour overriding the Commission on political grounds, Britain would not.

But this cautionary note, Mr Rifkind would insist, is a sign of Britain's deadly seriousness about the enlargement process, not an attempt to wriggle out of it.

If the minister is sensitive on the subject of enlarging west European institutions, that may be because his personal commitment to the process goes back a long way.

Mr Rifkind's first spectacular gesture in UK foreign policy was made in November 1994, when as a junior minister he enraged Poland's communist rulers by laying a wreath at the grave of a dissident priest who had recently been murdered.

"Europe must be seen as a whole, not as separate parts to be treated differently," he said then, as Polish officials accused him of treating their country like a British colony.

In the same spirit, he now

brings to the cause of Nato expansion an enthusiasm which is by no means universal in the British establishment.

"Nato enlargement will go ahead, and Russia's view will not be the determining factor," Mr Rifkind says, adopting a tone which is closer to the US than to France or Germany.

"Fortunately, we have good relations with Russia," he adds, arguing that the emollient tone adopted by Mr Yevgeny Primakov, the Russian foreign minister, was a better indication of Moscow's mood than the furious verbal onslaught delivered this week by Mr Igor Rodionov, the defence minister.

If there is a wild card that could seriously disrupt the opening up and reform of European institutions, it is not - in Mr Rifkind's view - the Russian problem but a real danger of conflict on Nato's south-eastern flank.

During his peace-making mission to Cyprus this week, the foreign secretary dropped a verbal bombshell by suggesting that war

between Greece and Turkey could break out at any time, because of disputes in the Aegean.

He is also careful to avoid using the word "optimistic" about Cyprus. On one hand, he said, Greeks and Turks saw 1997 as a make-or-break time for the proposal, which both parties accept of reuniting the island as a bizonal federation.

But, he said, "We cannot yet be convinced that there is the real political will to translate these objectives into hard negotiations that will bring them about."

Given this dubious outlook, Britain was conveying to all sides its alarm over the huge Turkish garrison on Cyprus - which he estimated at 36,000 to 40,000 troops - and over Greek-Cypriot plans to buy air defence systems from Russia.

Asked if "all sides" included Russia, he quietly repeats the words "all sides" - as if to confirm that the process of building a brave new Europe could come under threat from the most unexpected quarters.

## Yeltsin promises an active return to work

By Chrystie Freeland in Moscow

Russian President Boris Yeltsin yesterday told the country he would be back at work in the Kremlin at 9 o'clock sharp on Monday morning and promised to provide the "active and energetic" leadership he said Russia now needed.

Appearing on national television in his first interview since his quintuple heart bypass seven weeks ago, Mr Yeltsin said his convalescence was over and he was ready to end a political seclusion which has dragged on for nearly six months.

"The country needs an active and energetic president," Mr Yeltsin said, speaking clearly and firmly. "I feel the recovery period is over... The doctors have done their job and now it is up to me."

Looking thinner than before his operation, Mr Yeltsin adopted an informal tone for the interview, wearing a cardigan and open-necked shirt. The footage was filmed by the Kremlin press service at a government country retreat.

Mr Yeltsin said the first issues he would address on his return on Monday were mounting wage arrears and the troubled peace process in the separatist Chechen republic.

But the president gave few hints about what is emerging as Russia's biggest political question: will Mr Yeltsin back decisions taken during his illness or seek back the reins of power with a flurry of personnel changes and new policies?

Kremlin spokesmen are already making an effort to play down expectations that he will immediately reassert himself as a vigorous leader and have warned that his doctors' have ordered him to ease back into work gently.

"The doctors recommend for a certain time a light regime - a staged, gentle resumption of work in order not to overload the president," Mr Sergei Yastrzhembsky, the president's press secretary, said at a press briefing yesterday.

"One should not expect that the president's return to work will immediately herald weighty decisions affecting the country's fate," the spokesman said.

On the eve of the president's return, the government yesterday scored an important political victory, when the Russian parliament approved the second reading of the draft 1997 budget, making it also certain the document will be passed before the end of the year.

Mr Yeltsin, after weeks of delay and debate, approved the budget in its first reading on Sunday, and is scheduled to review the draft for a third and final time today.

Yesterday's vote illustrated the increasing cooperation between the Communists and Mr Victor Chernomyrdin, the prime minister.

In theory and in rhetoric, the Communists, who control the largest bloc of seats in the parliament, are opposed to the government. But since the July presidential elections, they have consistently backed the government on all crucial decisions. By contrast, Yabloko, the leading democratic opposition party, voted against the budget and is expected to do so again today.

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## Observers start probe into Serbian elections

By Laura Silber in Belgrade

A team of international observers yesterday launched an inquiry into election fraud in Belgrade against a background of deepening splits among the ruling elite of President Slobodan Milosevic of Serbia.

The Organisation for Security and Co-operation in Europe (OSCE), headed by Mr Felipe Gonzalez, the former Spanish prime minister, will meet Mr Milosevic, and opposition leaders who are demanding re-instatement of their victories in local elections last month. Mr Milosevic invited the OSCE delegation, in an attempt to end more than a month of street protests and ease western pressure provoked by his annulment of the November 17 poll.

The tenacity of the demonstrators took the Milosevic regime by surprise, widening divisions within his ruling Socialists (SPS) and their

communist coalition partner, the Yugoslav United Left (JUL), which is led by his wife, Mrs Mirjana Markovic. Many Socialists believe they lost the elections because of popular resentment against Mrs Markovic, whose party stood on a joint ticket.

"There is a huge conflict between the SPS and JUL. They are rivals and don't like each other. They take votes from each other and attack each other," a former Socialist official once close to the president said. "Milosevic artificially created a party for his wife, so she could have power, and travel all over the world." Tens of thousands of Serbian demonstrators daily jeer at the mention of her name.

While his grip on power does not yet seem threatened by the demonstrations, Mr Milosevic is weakened by growing disaffection within his own elite. Top party officials voice suspicions that many prominent members are starting to flirt inter-

sively with the opposition. Fearing western condemnation, Mr Milosevic has refrained from using the police to crush protesters. But armed with control over state television he has stepped up his propaganda war against the opposition and has orchestrated his own counter-demonstrations across Serbia. These recall the tactics he used to bolster his grip over the Communist party in 1987. "We want to show the foreign media and the world that there is another Serbia," a Socialist official said.

Mr Milosevic has a record of Machiavellian manoeuvres, and Socialist officials say he could agree to re-run the poll in Belgrade. "This kind of international pressure must be avoided. It is not good for us in Serbia, and not good for the president. Holding new elections would be the most elegant solution for Mr Milosevic," a member of the ruling coalition said.

## 'Convergence programme' provides four-year budget framework Belgium to cut debt by 10%

By Neil Buckley in Brussels

Belgium yesterday adopted an ambitious budgetary "convergence programme" which envisages cutting the budget deficit to 1.4 per cent of gross domestic product by 2000 and reducing its debt mountain by 10 per cent.

The programme will provide the framework for the next four years' budgets, and leave Belgium - once renowned for fiscal laxness - well inside the limit in the "stability pact" on budgetary discipline in the euro zone, agreed at last weekend's European Union summit in Dublin.

"The plan follows an existing four-year programme which has put Belgium on track for monetary union."

While gross public debt, projected at 120.4 per cent of GDP in 2000, will still be twice the 60 per cent target in the Maastricht treaty, it will represent a significant cut from this year's 130.4 per cent.

Mr Philippe Maystadt, finance minister, said the plan was a "clear commitment" by Belgium to follow prudent budgetary policies. The programme hinges not on the budget deficit itself, but on the primary budget surplus, before interest charges. Belgium has one of the highest primary surpluses in the EU, but is dragged down into a final deficit by heavy interest charges on its debt.

The central aim is to maintain the primary surplus of

Belgium's federal authorities at 5.3 per cent of GDP from 1997 through to 2000 - up from 5.1 per cent this year - by holding spending and revenues at constant percentages of GDP.

With the regional authorities' primary surplus projected to increase from 0.5 per cent to 0.8 per cent, the total surplus should rise from 5.8 to 6.1 per cent. Running just a 2 per cent surplus would be enough to stabilise national debt at current levels, so a bigger surplus will allow significant debt reduction.

On those assumptions, and Organisation for Economic Co-operation and Development interest rate projections, Belgium's interest charge is forecast to fall

from 8.6 per cent of GDP to 7.5 per cent. That would reduce the final budget deficit from 2.9 per cent next year to 1.4 per cent in 2000 - well within the 3 per cent stability pact limit.

The calculation is based on a "prudent" annual growth forecast of 2 per cent. A more optimistic scenario envisages a 1.1 per cent deficit, while a pessimistic scenario envisages 1.6 per cent. Belgians have endured a three-year wage freeze and spending cuts under the previous budget programme. Mr Maystadt said the new plan would impose less hardship, by allowing spending to rise in line with GDP. However, unions criticised the plan and argued it would damage job creation.

## France bans imports of cattle from Switzerland

By David Buchanan in Paris

Responding to pressure from its own farmers, France yesterday joined other European Union countries in blocking imports of cattle and most beef from Switzerland, the country with the second highest rate of "mad cow" disease behind the UK.

Mr Philippe Vasseur, France's agriculture minister, said the French government was "suspending" imports until such time as the European Commission took an official position on the risk of "mad cow" infection from Switzerland. Paris said the import suspension was designed to achieve "coherence" with other EU states bordering Switzerland.

- Germany, Austria and Italy - which have already imposed an embargo on Swiss beef.

The agriculture ministry acted a few hours after French farmers in Haute-Savoie seized three truckloads of Swiss cattle, which they claimed had fraudulently bypassed French veterinary controls by entering France via the Mont Blanc tunnel from Italy. The farmers demanded that the cattle be slaughtered.

A spokesman for the protesting farmers later reacted to their government's move by complaining: "We have demanded an embargo, not a suspension which settles nothing in substance." Some Swiss beef products will still be allowed into France if

they pass strict controls, but all import of live cattle is now banned.

Switzerland has recorded 240 cases of mad cow disease, of which 45 have been detected since the start of this year.

While this is far below the UK level, French farmers in border areas have become concerned that Swiss cattle imported into France for fattening could bring the disease with them.

The privatisation of France's state-controlled Thomson-CSF defence company looks set for further delay, after the country's top administrative tribunal insisted yesterday that the sale would require a new government decree and must pass through the official privatisation committee.



Vasseur: 'suspended'

After its first attempt to sell the whole Thomson group was thwarted by the privatisation committee, the Juppé government has decided to consult the Conseil d'Etat to avoid any further legal trouble with its new strategy of selling the group's defence division alone.

## Why Senna's death probe puts Italy's grand prix in doubt

To the tifosi, the fanatical supporters of Ferrari, the prospect of a legal trial, denying them the annual pilgrimage to the Italian grand prix at Monza is the stuff of revolution.

Yet such a legal process has begun, and from February 20 it will be played out in a courtroom at Imola, near the circuit where former world champion Ayrton Senna was killed in Italy's "other" grand prix, San Marino, in 1994.

The decision to charge Williams-Renault team principal Mr Frank Williams, together with five colleagues and track officials, with causing Senna's death through negligence - an alleged faulty weld on Senna's steering column - is receiving much less attention in the Italian press than in Williams' home, the UK.

That in itself speaks volumes about the pragmatism of Italians towards their judicial processes, and the unlikelihood of the "Senna Six" ever being sent from the dock as guilty men.

Legal experts point out that once the complaint was lodged about Senna's death, magistrates were obliged to investigate. Furthermore given the high-profile nature of the fatality, it would have been surprising if the case had not been sent to a court of first instance for full consideration.

The hearing is only in a tribunale, equivalent to a

British magistrates' court. None of the defendants need appear. The court's judgments are not definitive and can be appealed against, as a process which in civil cases like this have been known to last 10 years or more.

The case is complicated by the way in which the racing driver's death is being blamed not just on the team manager and the design/structure of the car, but also on those responsible for the race-track. This appears to follow a well-tried Italian judicial tactic of throwing the net as wide as possible.

Nevertheless the judiciary, by simply following Italy's legal processes in bringing the charges in the first place, may have flicked on the start lights for events it may not be able to control. Even if, as expected, the six are acquitted, the fact the charges were brought may have placed one or both Italian grand prix in jeopardy.

The Fédération Internationale de l'Automobile, the world governing body of motor sport, has issued a warning of "the difficulty the FIA faces in persuading international officials to carry out their functions at Italian events". More ominously, it has warned: "There may also be difficulty in persuading competitors from outside to take part."

That warning was hardly needed: Mr Flavio Briatore, the influential and charismatic Italian head of the

Benetton-Renault grand prix team, has already said his team would boycott races in Italy should a verdict go against any of the six. Other teams are poised to follow.

Even a decade ago such threats to one or both Italian grand prix would have been seen as preposterous bluffs. Not now. Since the mid-1980s Mr Bernie Ecclestone, the head of the Formula One Constructors' Association and the ring-and-pay-master of the grand prix "circus", has turned the Formula One world championship into a global TV event far outstripping local considerations such as gate receipts for individual circuits.

For example, ITV, the UK commercial TV channel, has paid nearly £70m (£120m) to snatch terrestrial coverage from the BBC over the next five years.

Were Italy to lose its grand prix events, there is a queue of nations - particularly among the "tiger" economies of Asia-Pacific - seeking a place on the 16-17 race grand prix calendar. China and Malaysia are among countries which have invested heavily in circuits against precisely that event.

There is an assumption within the tifosi, and even among grand prix teams and officials, that it simply will not happen: that the six will be quickly found not guilty; or that the trial will bog

itself down.

Not least, many Italians find it inconceivable that such a trial could prejudice the country's rapidly reviving pride in Ferrari and the personal commitment of Italy's most powerful industrialist, Mr Gianni Agnelli, to reviving former Ferrari glories through its \$25m annual salary to German champion Michael Schumacher.

Outside Italy, the outrage of the grand prix community that such charges should have been considered is palpable, and goes far beyond fears of the possible consequences for Mr Williams and his co-defendants.

"We deny the charges absolutely," according to lawyer Mr Roberto Causo, in a statement issued on behalf of the company this week. Williams contends that if the world did indeed break, it was as the result of Senna slamming into the notorious Tamborello curve's concrete wall at 135mph, not the cause.

The Williams team, current world champion, spends some £20m-plus on its racing activities and has a pride verging on the fanatical about its engineering excellence. "We all know lives are at stake with everything we do; to put Williams on the same level as a careless local welding shop is an insult," said one employee.

John Griffiths

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Elmo: hot property

## Desperate Elmo hunters take to the Internet

By Lisa Branstetter in New York

Cyberspace is teeming with greed and desperation this holiday season as parents across the US confront the prospect of Christmas morning without a Tickle Me Elmo, this year's hottest toy.

"We kidnapped Tickle Me Elmo. You want him? We've got him. Demanding \$350 in unmarked bills for his release," reads one of the scores of sites on the World Wide Web inviting offers for the furry red Muppet that giggles and talks when his belly is rubbed. "This is NO

JOKE! Serious offers only," the site adds, above an address for e-mail bids.

The Sesame Street toy, which sells for about \$30, is the number one choice of the more than 35,000 cyber-savvy children who have e-mailed wish lists to Santa through America Online, the largest online service in the US, but he can be nearly impossible for parents to find.

Wal-Mart, one of the US's biggest toy retailers, said requests for Elmo were so heavy at one Vermont store that when just seven came in a recent

shipment it raffled them for \$1 a ticket rather than disappoint dozens of customers. In 24 hours the store raised \$7,000 for a local charity.

A search of the Internet shows over 100 pages on the World Wide Web advertising Elmos for sale from \$300 to more than \$1,000. That does not include hundreds of classified ads and bulletin board postings across the Internet.

Mr Scott Smith, director of the digital commerce group at Jupiter Communications, a technology research firm, says

that the Elmo craze on the Internet is a sign of the broadening appeal of the medium. "This could be the first use of the on-line medium to buy and sell the hot Christmas product," he said.

There are signs that Elmo has dragged computer neophytes onto the Internet, but he has not necessarily promoted online commerce. Ms Kathy Kruse of Saint Marys, Ohio, does not own a computer, but she got a friend to put up a Web site selling her doll for "\$350 or best offer".

"I guess you could say it is

greed," she concedes.

Mr Cristian Redferne, a student in Sacramento, California, said his offer to sell a doll had brought about 80 e-mail messages, nearly all of which were nasty. "I was accused of being a Scrooge," he said. There were no bids.

Web advertiser Mr Mike Corbis reported he had accepted an offer to buy his Elmo for \$500.

Elmo's manufacturer, Tyco Toys, which initially shipped 400,000 dolls, denied accusations that it deliberately restricted supply. The company said it had

stepped up production and hoped to have an additional 800,000 Elmos in stores by Christmas.

Mr Jay Blanchard of Canyon Lake, Texas, offered a ray of sanity. He put up an ad hoping to buy an Elmo for his 6-year-old daughter "at a reasonable price" and expected to pay about \$100 including shipping and handling.

He got about 250 responses, but not one for less than \$150. "After getting all of these e-mails I thought common sense has to take hold," he said. His daughter will get Tickle Me Elmo for her birthday, in July.

## Sacked minister storms TV set

By David Pilling in Buenos Aires

Few separations have mixed resentment with force in such generous proportions as that of Argentina's President Carlos Menem from his erstwhile economy minister, Mr Domingo Cavallo.

The latest incident in a highly public slanging match, which began with Mr Cavallo's unceremonious sacking in July, came on Thursday when an irate Mr Cavallo tried to burst on to the set of a late-night chat show in which Mr Menem was appearing.

Restrained by the show's producers, Mr Cavallo left the television studio in a huff, telling reporters: "Menem won't even look me in the eye."

The former minister, once lauded for saving Argentina from the ravages of hyperinflation, earlier this week said he was "ashamed" of having served for seven years in Mr Menem's cabinet. He has accused the president of letting corruption fester within his administration.

Mr Menem, who has previously called Mr Cavallo "a liar" and "in the opposition", was restrained on Thursday night. He told talk-show host Mr Mariano Grondona: "I don't want to get into this. I respect [Cavallo] as a great minister who served his time, but then had to go."

The public has been left largely baffled by the almost daily accusations of the former minister. Although opinion polls show a majority of people share Mr Cavallo's suspicions about the Menem administration, many believe he should have spoken up earlier.

According to polls, the public also doubts that the judicial system is sufficiently independent to embark on an Italian-style sweep of allegedly corrupt public officials.

Mr Cavallo's storming of the television studio was provoked by the arrest earlier this week of Mr Gustavo Piarino, a former head of customs appointed by Mr Cavallo.

Mr Piarino is being held in connection with an investigation into the "underground customs", through which \$10bn of goods has allegedly been smuggled into Argentina over the past four years.

## UK challenge to China's handpicked legislators

By John Hidding in Hong Kong

Britain yesterday threatened to take China to the International Court of Justice, in a row over Beijing's plan to replace Hong Kong's Legislative Council.

The move comes as 400 members of a Beijing-backed committee meet today in southern China to select a provisional legislature. The new body will replace the territory's Legislative Council when Hong Kong returns to China next July.

The legislature dispute has emerged as one of the most serious obstacles to a smooth transition. It has prompted concerns about confusion and uncertainty resulting from the existence of parallel legislatures ahead of the handover.

Mr Malcolm Rifkind, the British foreign secretary, said in London there was no basis for a provisional legislature in the Sino-British Joint Declaration, the 1984 accord which underpins the handover.

"A body chosen by a hand-picked 'electorate' of 400 is not, in any reasonable sense, a legislature constituted by elections as required by the Joint Declaration," he said.

China refuses to recognise the present Legislative

Council, elected last year under democratic reforms implemented by Mr Chris Patten, the Hong Kong governor. Mr Tung Chee-hwa, the shipping tycoon selected this month to succeed Mr Patten, backs China's plans for the new legislature, attacking Britain and the Hong Kong government for failing to "face reality" and co-operate with the body.

Pro-democracy politicians in Hong Kong predicted the provisional legislature would be dominated by business leaders and pro-Beijing figures. "They will have no credibility," said Mr Yeung Sum, vice chairman of the Democratic party, the largest group in the existing legislature.

Although the Democratic party has boycotted the provisional legislature, more than half the 60 existing legislators are seeking seats on the body. Several candidates who failed to secure seats in last year's elections are also lobbying for selection.

In a toughly worded statement, Mr Rifkind said Britain would step up its monitoring of Hong Kong before and after the handover. This would include a six-monthly report to parliament, with particular reference to the protection of human rights.



Marching together: Israeli and Palestinian protesters in Jerusalem yesterday

## Arabs and Israelis unite in protest

By Judy Dempsey and Avi Machlis in Jerusalem

Israeli and Palestinian demonstrators yesterday joined forces to oppose plans for a new Jewish settlement in the Arab district of Ras al-Amud in east Jerusalem.

The protesters included Israel's Peace Now movement, lawyers and members of the Palestinian Legislative Council. The Jerusalem District Planning Commission has approved plans for 133 homes on a plot allegedly owned by a Miami-based Jewish businessman. But ultimate authority rests with Mr Benjamin Netanyahu, the prime minister, who has come under sharp attack

from the US administration for expanding settlements in the West Bank.

Israeli peace activists and Palestinians said yesterday West Bank settlements and the Ras al-Amud plans were jeopardising the peace process, a view also shared by the European Union and Arab states.

"There will not be peace between us and the Israelis... if a settlement is established here [in Ras al-Amud]," said Mr Faisal Russeini, the Palestinian Liberation Organisation's top official in Jerusalem. And Mr Ahmed Korei, speaker of the Palestinian legislature, said Palestinians would be prepared to confront Israel "by all means" if the construction went ahead.

## Eritrean president warns Sudan's Islamic regime could start 'senseless' conflict

## New turmoil feared in Horn of Africa

By Michael Holman, Africa Editor, in London

The "expansionist" policies of the Islamic military regime in Sudan could lead to "a new cycle of turmoil" in the Horn of Africa, President Isaias Afewerki of Eritrea has warned.

"The policies of expansionism pursued by the Khartoum regime... [have] to be firmly countered to redeem the region from another bout of senseless conflict," he said in a speech delivered in London on Thursday to the Royal Institute of International Affairs.

The president said the region had seen democracy emerge in Ethiopia and independence in Eritrea, but the state had virtually collapsed in Somalia and an extremist regime had come to power in Sudan.

Earlier this month Mr Sadeq al-Mahdi, the Sudanese opposition leader and former prime minister, left Sudan to set up his headquarters in Amara, the Eritrean capital.

Asked what his plans were, he said: "I want a united effort against the regime in Khartoum, with a minimum of bloodshed."

His flight from Khartoum is a coup for the National Democratic Alliance (NDA), the broad opposition coalition that has started attacking Sudan from Eritrean territory.

Eritrea, which says Sudan's Islamic government is trying to destabilise the region, supports the Sudanese rebels in their campaign against the government.

Mr al-Mahdi had been living in Khartoum, sometimes in jail and sometimes under surveillance at home, since Lieutenant-General Omar Hassan al-Bashir overthrew

his democratically elected government in a military coup in 1989.

Asked at a press conference in Amara if his departure meant he had dropped his reservations about the use of violence to overthrow the regime, he said: "I left a memorandum behind in Khartoum. It said I tried to be positive and that I wanted to give a peaceful settlement a chance. My future actions will be guided by their [the Sudanese government's] reaction to this memorandum."

In his address, Mr Isaias urged western aid donors to

change their relationship with Africa. "Transparency and full accountability under strict codes of conduct, with constitutional guarantees and checks and balances" were "vital" to the continent's development.

But donor policies had been characterised by "one-sided and heavy-handed dictation of policies, with micro-management of programmes and projects", he added.

"We firmly believe that this conventional perception of donor-recipient relationship must give way to real partnership," he said.

## Zanzibar excesses give Tanzania a headache

Michela Wrong reports that the island partner has become an embarrassment and an expense

Former Tanzanian President Julius Nyerere, the man responsible for merging Zanzibar with the mainland of Tanganyika in 1964, once grew so exasperated by the islanders he said he would like to tow the archipelago 1,000 miles off the coast. Today, the Dar es Salaam government must share his feeling. A truculent partner at the best of times, Zanzibar has now become an embarrassment, defying protests from the mainland, an aid freeze by 17 donor countries and unrelenting pressure from the global lending institutions.

A row over human rights and tax revenue, just the latest in sour relations between Tanganyika and Zanzibar, has not only revived the spectre of the islands' eventual secession. It is presenting Tanzania's President Benjamin Mkapa with his greatest single challenge since winning last October's elections.

"If this government wants to show it means serious business, then it must settle the Zanzibar issue," says a diplomat. "Mkapa's survival may depend on it."

Zanzibar's bad behaviour



dates back to last year's elections. When it became clear the local branch of the ruling Chama Cha Mapinduzi (CCM) was about to lose to the opposition Civic United Front (CUF), vote-counting was tampered with to ensure the CCM candidate won.

Foreign diplomats snubbed the presidential inauguration ceremony and for a long time, the CUF candidates boycotted parliament. But the CCM's Dr Salim Amour governs nonetheless and has wrought revenge on those who rejected him - for the

most part, people from the clove-producing island of Pemba, almost solidly pro-CUF.

On the outskirts of Zanzibar town lies the rubble of 400 Pemba homes, bulldozed on the pretext they were built without permission. Pemba civil servants have been sacked and Pemba merchants on the main island of Unguja say they have been put out of business by artificially high customs charges.

On Pemba itself, villages have been torched by security forces and inhabitants beaten. Opposition meetings have been broken up and supporters arrested for watching videos of Mr Sufi Sharif Hamad, the CUF leader.

Donor governments, who froze aid to Zanzibar early this year, cite the human rights abuses as a worry. But it is clear another issue hurts more: the so-called "Zanzibar loophole", whereby goods coming into Zanzibar port pay between 20 and 30 per cent lower duties than those shipped to Dar es Salaam.

Over the years, importers got into the habit of unloading containers in Dar es

Salaam but sending the paperwork to Zanzibar. Alternatively, goods unloaded in Zanzibar at the lower rates were quietly smuggled to the mainland aboard dhows.

The result has been millions of dollars in lost tax revenue and a flood of cheap electrical goods and textiles into the mainland that has helped to close distributors and undermine embryonic local manufacturers.

Closing the "Zanzibar loophole" is a key part of the mainland government's drive to regularise tax collection, the issue that led both bilateral donors and the International Monetary Fund to cut off aid in 1994.

A \$24m structural adjustment facility granted last month, marking a resumption of desperately needed IMF funding, stipulates that tariff systems on both sides of the waterway must be harmonised by the end of December. But that will demand the collaboration of the Zanzibar government, which has not so far distinguished itself by its readiness to yield on the issues close to the donors' hearts.

"Things may be shifting now, but until recently the

Zanzibar government has been very resistant to change," says a diplomat. "They tend to be arrogant, not responsive at all."

Continuing defiance from Zanzibar would risk seriously embarrassing President Mkapa, who has to increase tax revenues if his country is to continue qualifying for IMF help and the bilateral funding that follows in its wake.

While the standoff continues, ordinary Zanzibaris are paying a high price. Aid projects covering education, health, roads and water supplies have been frozen.

There's no money in town," says Mr Wolfgang Dourado, deputy chief justice. "The government is scraping the bottom of the barrel to pay civil servants. Crime is on the rise. Everyone is complaining."

Last year's hopes of an economic revival have faded. Although tourism is booming, plans to attract foreign investment with a free port and export processing zone are stalled for want of mainland approval. Local houses lie unfinished, building work halted.

"On every issue, the Zanzibaris feel they have been blocked by the mainland," says Professor Abdul Sharif, director of one of Zanzibar's museums. "But the main brake has been the political situation. There is a general atmosphere of apprehension."

The fear is that an isolated government is finding other, dangerous, ways of raising revenue.

Since the elections, residents say, drugs have poured into Zanzibar and diplomats acknowledge the islands are a link in the international drugs market, a warehouse for Mandrax, cocaine and heroin destined for southern Africa and northern Europe. There are signs of top-level collusion with the trade, even acknowledged by members of the judiciary.

Local consumption is also on the rise. Many of the hawkers harrying tourists in the streets of the Stone Town are clearly high. "I've heard British tourists discussing how it is now cheaper to come to Zanzibar for a week to get high than to do it at home," says a local businessman. "These islands are in trouble."

## INTERNATIONAL NEWS DIGEST

## US sees GDP grow by 2.1%

US gross domestic product grew at an annual rate of 2.1 per cent in the July to September quarter, the Commerce Department said yesterday, revising upwards an earlier estimate of growth of 2 per cent.

The figure still marked a sharp deceleration from the 4.7 per cent rate achieved in the second quarter, but was strong enough to suggest the economy remains on a stable growth path for 1996 as a whole.

Early indications from the fourth quarter suggest the more moderate pace of expansion has been maintained to the end of the year. Most estimates put the US long-term potential rate of growth at about 2.3 per cent. Overall growth this year is expected to be only slightly higher, at about 2.6 per cent. Decline in the rate of growth between the second and third quarters was accounted for by a slowdown in personal consumption expenditures, and downturns in government spending and residential investment, and in exports.

Gerard Baker, Washington

## Argentina bank finance deal

The Argentine central bank signed yesterday a \$6.1bn standby loan from 13 international banks, led by Chase Manhattan, to provide support for the financial system in case of a run on the banks. In another move to strengthen the banking system, it also announced plans to further raise bank liquidity requirements.

The central bank originally sought a \$3bn financing, but increased the sum after it received bids from banks totalling \$7.4bn.

The credit, with a maturity of between two and five years, is structured as a repurchase facility with Argentine government securities held by the banking system being used as collateral if the standby loan was drawn.

Stephen Fidler, Latin America Editor

## Italy engineering talks stall

Negotiations for a renewal of a two-year contract for 1.6m workers in Italy's engineering industries have reached stalemate. Engineering unions observed a two-hour stoppage yesterday to protest at the lack of progress in the latest round of talks held this week.

The talks have been stalled for seven months and unions warned that without progress they would call a general strike. They have already staged two protests in an effort to recoup part of their earnings eroded by inflation since 1994 under the terms of a 1993 agreement with the government and employers. However, employers - especially those representing small and medium-sized companies - remain firm, arguing they cannot afford the unions' inflationary demands.

Robert Graham, Rome

## Cyberspace treaties endorsed

Two landmark international treaties extending copyright rules to cyberspace were successfully concluded yesterday after three weeks of difficult talks in Geneva. However, consideration of a third treaty intended to protect databases was postponed to next year.

The agreed pacts, endorsed by about 150 members of the World Intellectual Property Organisation, deal separately with authors' rights and with sound recordings and the rights of performers. They extend the same rights as now exist for hard copies of books, sound recordings or computer software to digital copies distributed on computer networks, including on-demand services.

The treaties are expected to give a big boost to the Internet by encouraging copyright holders to put their works on the network.

Frances Williams, Geneva

## Germans, Czechs in protocol

Czech and German foreign ministers yesterday approved the text of a declaration of mutual reconciliation expressing regret for crimes and excesses committed during and after the second world war that seeks to close a painful chapter in the two countries' relations.

At a ceremony in Prague, Mr Josef Zelenec and Mr Klaus Kinkel signed a protocol approving the declaration, the product of sensitive and often tense diplomacy spanning two years. In it Germany apologises for the Nazi invasion and occupation of Czechoslovakia and the Czech Republic expresses regret for crimes committed during the post-war expulsion of 2.5m ethnic Germans from the Sudetenland.

Vincent Boland, Prague

## Poles name economy minister

In a move which looks set to slow the pace of disposals of state-owned assets, Poland's former privatisation minister, Mr Wieslaw Kaczmarek, is to be appointed to head the country's new economy ministry.

The ministry comes into being on January 1 and incorporates the present trade and industry ministry as well as foreign trade and the old central planning office. The planned appointment means that Mr Kaczmarek will leave his post as first deputy minister at the treasury, another new ministry formed as part of the changes which now handles privatisation policy.

It had been hoped that Mr Kaczmarek would keep up the pace of disposals under Mr Miroslaw Pietrowicz, an official from the Polish Peasant party (PSL), who heads the treasury. Mr Pietrowicz's party rarely loses an opportunity to criticise sales of state companies and the minister himself is close to Mr Waldemar Pawlak, the head of the PSL, who has warned that foreign investors should not be allowed to play too great a role in the economy.

Christopher Robinski, Warsaw

## Tajik rebels take hostages

Tajik guerrillas upset peace talks yesterday by taking 23 hostages, including seven United Nations officials.

A gang of fighters named "Rivon Sadrov's Group", after a famous former rebel leader based in Afghanistan, detained the hostages in the foothills of the Pamir mountains on their return from a meeting with opposition warlords in southern Tajikistan.

Observers said that the UN officials had accompanied four Tajik government officials and four leaders of the opposition, who form a commission that is vital to efforts to bring peace to Tajikistan after four years of civil war. The Rivon Sadrov group is demanding that opposition fighters free the brother of Mr Sadrov, the rebel leader who changed sides last month to back the government.

Sander Thoenes, Almaty



## NEWS: UK

Report casts doubt on bid by Générale des Eaux and Saur for Mid Kent Holdings

## Water regulator rebukes French groups

By Leyla Boulton,  
Environment Correspondent

Ofwat, the water industry regulator, yesterday criticised French-owned water companies in the UK for failing to trade at arm's length with associate companies.

The regulator's rebuke is likely to count against the attempts by Générale des Eaux and Saur, two French conglomerates, to take over one more English water company, Mid Kent Holdings. Mr Ian Lang, the chief industry minister,

is due to decide whether to allow the French companies to make a joint bid for Mid Kent in a few weeks.

Saur and Générale are citing environmental benefits for their proposal to split water-rich Mid Kent between the companies they each own on either side of it: South East Water, and Folkestone & Dover.

But the timing of the report's release was the clearest hint yet that Ofwat does not support a takeover of Mid Kent in spite of its endorsement of a

smaller merger last week. Ofwat's report is particularly critical of Saur's relationship with South East Water and Mid-Southern, the two water-only companies that Saur already owns in the UK.

It criticises them for suspending efforts to comply with its guidelines on arm's length trading when Ofwat announced that these rules would be reviewed. The guidelines are designed to prevent the customers of regulated water monopolies from subsidising other

businesses within the same group.

Mr Ray Tennant, managing director of Saur Water Services UK, said Saur had hoped Ofwat would revise its definition of associated companies so as not to include all the companies in the French group, but only those in Saur UK. But since Ofwat had made it clear it had no plans to change its definition, the company had in the past few weeks put in place most of the changes sought.

In a report based on visits to all the French-owned

water-only companies last spring, Ofwat found all the companies had violated at least some of the guidelines. These range from requiring associate companies to charge each other fair market prices for services rendered to documenting potential conflicts of interest where there are cross-directorships.

All the eight companies examined had, for instance, paid group charges to their parents which were "not directly related to services provided".

Both companies owned by Saur had been found in breach of nine of the 11 guidelines. All four companies owned by Générale des Eaux, France's biggest water-based conglomerate, violated six of the guidelines. The two water-only companies owned by Lyonnaise des Eaux, France's second largest water conglomerate, emerged with the fewest number of violations.

All the companies have since pledged to alter their practices to conform with the guidelines.

## Duke's gun remarks hit the wrong target

In spite of latest lapse by Queen's husband, the royal family is likely to retain support

The Duke of Edinburgh's remarks in a BBC radio interview, that members of shooting clubs were no more dangerous than members of golf or squash clubs, were aimed at the government's plans to restrict private ownership of handguns in the wake of the Dunblane massacre. Demands for further restrictions on the country's already tight controls have been redoubled in the wake of the Dunblane murders in Scotland in which 16 schoolchildren and one of their teachers were killed by a lone gunman who had been issued with permits to own weapons.

But the comments by the duke, husband of Queen Elizabeth, also reminded the public of earlier lapses in diplomacy.

In 1981, as British unemployment accelerated, Prince Philip said: "A few years ago everybody was saying we must have more leisure. People can't seem to make up their minds what they want."

During a royal tour of China in 1986, he described Peking as "ghastly" and told British students: "If you stay here much longer you'll all be ality-eyed."

During a walkabout in

Oban in the Scottish Highlands last year, the Duke caused offence by asking a driving instructor: "How do you keep the locals off the booze long enough to get them through the test?"

Prince Philip's views on handguns provoked a storm of protest from anti-violence campaigners but they may have greater long-term significance as an unintended intervention in the growing debate about the future of Britain's monarchy.

Both Labour and the Liberal Democrats, the biggest opposition parties, have flirted with radical ideas about abolishing the monarchy. But, while both parties

are eager to be seen as modernisers, they have made the pragmatic judgment that there are few votes in appearing to be anti-royal.

According to Mori, the polling organisation, only 4 per cent of Britons think the monarchy should be "immediately abolished", and almost 74 per cent are "satisfied with the way the Queen is doing her job".

This popularity explains the cautious reaction by Mr Tony Blair, the Labour leader, to the duke's widely condemned comparison of handguns with cricket bats

as weapons that the duke had made earlier in the interview. "On reflection, not a wise analogy," said Mr Blair.

The leadership's reluctance to be seen as challenging the royal family is reflected in Labour's constitutional plans, which incorporate devolution, a bill of rights and reform of the Lords, but stop well short of removing the monarchy.

In practice, the bulk of the monarch's constitutional role is ceremonial but there are two areas in which the opposition parties plan substantial reforms.

Both would like to see some clarification of the head of state's constitutional power to appoint the prime minister - chiefly to tidy up the rules for choosing the prime minister where there is no clear majority after an election. And they also want to end the royal prerogative - the convention which gives ministers the technical ability to act in some circumstances without reference to parliament.

A number of Conservatives suggested during the 1993 debates on the Maastricht treaty on European integration that the prerogative could be used to ratify the treaty without reference



Much of the monarch's role is ceremonial rather than political: the Queen, followed by the duke, arrives at the sovereign's entrance for the state opening of Parliament

to parliament. Labour and the Liberal Democrats see the ending of the prerogative as part of a broader and desirable shift of power away from the government and towards parliament.

Yet while this measure sounds like an effort to royalise it, it would do nothing to affect the monarchy in practice, since the prerogative is exercised exclusively by ministers.

While members of the royal family are popular in Britain, they are not seen as beyond reproach. Only 19 per cent of the electorate

now view them as "highly respected", says Mori, down from almost 60 per cent in 1990. But the monarchy has staying power - almost four-fifths of voters think it will still be around in 2006.

Prince Philip's remarks will probably not greatly affect the monarchy either. He may have dented public affection, and upset bereaved parents, but support for the royal family means no government in the foreseeable future is likely to attempt abolition.

Liam Halligan

## EU fish deal may help PM to survive

By John Kinnear,  
Chief Political Correspondent

The fishing deal struck by ministers in Brussels was welcomed yesterday by MPs in the Ulster Unionist party, the largest pro-British party in Northern Ireland.

The reaction from the unionists raised the Conservative government's confidence that it can hold on to its precarious position in parliament until next May, which is the latest time at

which a general election must be held.

Although they have denied doing deals with unionists on the peace process or other aspects of Northern Ireland politics, the Conservatives acknowledge that one of their main aims in negotiations over quotas was to protect jobs in the region.

Mr William Ross, the agriculture and fisheries spokesman for the Ulster Unionists, said: "It seems from first reports that Northern Ireland has come out of it as well as can be expected."

The Ulster Unionists abstained in last Monday's crucial vote in the House of Commons on European Union fisheries policy, helping the government to secure a narrow victory.

The party's nine MPs made their decision after talks with Mr Tony Baldry, the fisheries minister, who they said had given them more assurances than Mr Gavin Strang, the fisheries spokesman for the opposition Labour party.

The Conservatives' recent defeat in a parliamentary by-election wiped out their majority in the Commons, giving them the same number of MPs as all the opposi-

tion parties combined. Many Conservatives are coming round to the idea that a general election may be more likely on March 20 than the two previous favourite dates of April 10 or May 1.

Mr David Trimble, the Ulster Unionist leader, has said his party will decide its intentions on the merits of each particular vote - a decision which leaves both Conservatives and Labour on tenterhooks.

Mr Ross said he had been in close contact with Mr Baldry before the Brussels meeting. "This result highlights, once again, the merits of careful background work, as opposed to threats to bring down the government or rattling their cage if they don't get all that we want," he said.

Opposition parties refrained from accusing the government of playing Westminster arithmetic. Mr Strang said quotas served two objectives: the economic survival of British fishing communities and conservation of stocks.

"Judged against these crucial objectives, Tony Baldry's description of the deal as a triumph is clearly unjustified," he said.

Mr Robin Teverson, fishing spokesman in the European parliament for the centrist Liberal Democrat party, said Lady Thatcher, the former Conservative prime minister, had given away British fish stocks in 1993 "on a silver plate".

He added: "Politicians should keep their fingers out and each region of seas should decide on its own catches on an agreement between industry and scientists."

Mr Baldry said he had secured the best deal he could for British fishermen, forcing concessions on proposed cuts in quotas during all-night talks with EU fisheries ministers in Brussels, Caroline Southey and Maggie Urry write.

Mr Baldry said the UK's total quota in cod equivalent terms for the most important stocks was 23,000 tonnes higher than the level originally sought by the European Commission and was only half a percentage point below the 1996 amount.

Fishermen's leaders said they were relieved by the deal. However, Professor Alasdair McIntyre of Aberdeen University in Scotland, a scientist concerned about declining fish stocks, called the deal "a Pyrrhic victory" which might help fishermen in

the short term but would eat into future earnings. Mr Baldry said he had invoked the Hague Preference, a deal negotiated in 1976 under which Britain and the Republic of Ireland can ask for special dispensations, on a number of stocks.

He said he had also agreed quota swaps with a number of member states after the agreement had been reached. This had been done to "mitigate the disadvantages that resulted from the Republic of Ireland's use of the Hague Preference, in particular to northern Ireland", Mr Baldry said.

However, Irish officials attacked Mr Baldry's comment as "pure politics; everybody goes in to get the most they can for their people. We think Britain got a very good deal. Mr Baldry's comments don't tally with what actually took place."

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## Telecoms giant loses suit against watchdog

By Nicholas Denton  
in London

Ofwat, the telecoms regulator, will take broad new powers to police any anti-competitive behaviour by British Telecommunications after the company yesterday lost its High Court battle against the measures.

BT - which has until now been governed by 60 specific conditions of its licence, governing practices such as subsidies between its businesses - will from December 31 be subject to a catch-all "fair trading condition".

The change will give Ofwat greater leeway to prevent any telecoms operator from abusing its dominance through predatory pricing, denigration of competitors, refusal to supply services and refusal to license technology - offences which are not specifically covered by current rules.

Under the existing regime, Ofwat's only recourse is to insert a new licence condition to close a loophole. BT can delay the implementation by up to two years by appealing to the Monopolies and Mergers Commission.

With the failure of BT's court appeal, the regulator will from the new year be able to issue an order against any dominant telecoms operator which appears to be distorting the market by its behaviour. If BT fails to comply, an aggrieved competitor can seek a court order and sue for damages.

The UK operator said it had sent the Ofwat proposal, made earlier this year, for judicial review simply to determine whether it was lawful. But a company official said: "We would argue they had enough power before now, and with this they have even more."

BT executives fear the catch-all condition will paralyse decision-making by forcing the company to evaluate each new product not simply on its commercial merits but also by the potentially adverse effects on rivals.

BT - which has in the past complained that an Ofwat bolstered by the powers would be "judge, jury and executioner" - yesterday called for legislation providing "formal safeguards" against the regulator's decisions.

But Ofwat made its support for a right to appeal conditional on the introduction of heavier fines, such as those in other European countries, for anti-competitive practices. The current dispute between BT and Ofwat - which, like most utilities and their regulator, have had a tense relationship - began earlier this year when Ofwat proposed to change its style in overseeing the telecoms market.

## UK NEWS DIGEST

## N Ireland alert over IRA threat

Northern Ireland police last night put the region on alert, warning that the Irish Republican Army was preparing to resume full-scale terrorism there. The police said they were "especially concerned that there is a threat facing the community".

Although the police force, the Royal Ulster Constabulary, has advised its members and British army units in Northern Ireland to be on guard, its warning was the first to the public and business community for many months. Police have made a series of recent discoveries including a mortar bomb near a north Belfast army base, a large amount of explosive close to a base in County Armagh and a car bomb outside their own headquarters in Londonderry.

But the warning did not prevent the traditional Christmas release of prisoners in Northern Ireland, and British government officials said a total of 406 prisoners from a total of 1,558 held in the region's jails will this year be released for at least seven days each on Monday. Inmates have to have served a minimum of 11 years or be under consideration for release. Those released will include members of the IRA and rival "loyalist" paramilitary organisations.

John Kinnear

## STOCK EXCHANGE

## Director to return to private role

Mr Giles Varley, a director of the London Stock Exchange who has led the introduction of reforms to share trading in the City of London, is to leave the exchange before the implementation of reforms in October. Mr Varley, who started work in the City at Salomon Brothers, later became head of equities at Swiss Bank Corporation.

Mr Varley said that he wanted to return to the City after four years at the exchange, where he has been director of markets development and marketing. Mr Varley said his departure was amicable. He was one of a group of senior directors brought into the exchange by Mr Michael Lawrence, its former chief executive, before Mr Lawrence was dismissed a year ago. Mr Gavin Casey was appointed to succeed Mr Lawrence this summer.

John Gapper

## ECONOMIC INDICATORS

## Incomes grow fastest since 1980s

## Current account



The Office for National Statistics said yesterday that post-tax incomes grew 4.6 per cent in the year to the third quarter, the fastest annual growth rate since the boom days of the late 1980s. The ONS shaved down its estimate of overall economic growth in the third quarter - but only because growth in the second quarter had been more buoyant than initially thought. Gross domestic product rose 0.7 per cent in the third quarter of the year, following 0.6 per cent growth in the previous three months. GDP grew 2.4 per cent in the year to the third quarter.

Separate figures yesterday showed that Britain's balance of payments slipped back into the red during the third quarter of the year, as the strength of the pound contributed to a sharp fall in the value of net investment earnings.

The current account was in deficit to the tune of £71m (£11.5m) in the third quarter, the ONS said. But the statisticians also more than halved their original estimate of the surplus recorded in the second quarter to £34m. Mr Kenneth Clarke, chief finance minister, hailed the figures as a sign that the British economy was entering 1997 in the best shape for a generation.

Graham Bowley

## BROADCASTING

## Regulator lifts digital TV hopes

Mr Don Cruickshank, director-general of Ofwat, the broadcasting regulator, has paved the way for UK viewers to access 200 channels including the existing BBC networks and special sports events from a box on top of their television sets by Christmas 1997.

The telecoms regulator appears to be constructing a compromise to ease the dispute between Mr Rupert Murdoch's British Sky Broadcasting and the BBC, the public service broadcasting organisation, over control of the set-top boxes. Mr Cruickshank aims to assuage the concerns of the BBC and other terrestrial television companies that BSkyB might abuse its power over the digital satellite system.

The regulator, who has been asked by the UK government to "interpret" regulations that became law this week, said: "My aim is a world in which broadcasters can compete whether or not they own the network."

BSkyB needs the broad adoption of digital satellite television to bring down the costs of manufacturing set-top boxes, minimising the subsidy it will have to pay to encourage subscribers.

Nicholas Denton

## SHIPPING

## P&amp;O-Nedlloyd merger cleared

The European Commission yesterday gave the unconditional go-ahead for the merger of the container shipping interests of P&O of the UK and Nedlloyd of the Netherlands. The two companies will each take 50 per cent in a newly established company, P&O Nedlloyd, which will operate a fleet of 113 container ships and employ 9,000 people. It will have a combined turnover of \$4bn and net assets of \$1.6bn. The new company is to come into being from January 1.

Charles Batchelor

## Making Mazda at Ford was ultimate accolade

Manager recalls 30 years of political and economic change in motor industry

Mr Terry Belton stands by the assembly line at Ford's factory in Dagenham, east London, and runs his hand along a white Fiesta. "From Monday, I won't be here," he says. "After nearly 33 years that's hard to imagine."

Mr Belton, who is taking early retirement at 55, has spent almost his entire career at Dagenham, the heart of Ford's British operations and one of the largest factories in the UK. Starting in 1964, Mr Belton has risen to the post he has filled for the five past years - operations manager for the body and assembly plant, the most important job at Dagenham.

Standing in the press shop, where body parts are stamped out of sheet metal, he points to a line of six German-made Schuler machines and says: "This is it. The best press line in Europe." At the final assembly line, Mr Belton touches the computerised label on a white Fiesta: "Tells you everything. What's in it. Where it's going. This one's going to Germany."

Mr Belton has spent his working life at the heart of the changes which have transformed the British motor industry in the past 30 years, particularly in the last 10 when Ford and other western manufacturers had to respond to the challenge of Japanese competition.

He has seen the Dagenham workforce fall from 29,000 in the late 1960s to 7,500 today. Meanwhile, old conflicts between management and shopfloor have faded to be replaced by co-operation. "It used to be so confrontational here in the late 60s and early 70s. It's now totally different."

Operations have been streamlined, partly through transferring work to other UK sites, such as the Bridgend engine plant in south Wales, partly through increasing the outsourcing of components, and partly through manpower cuts. Standing in the cavernous press shop, Mr Belton says: "Visitors go through the plant and ask: 'Where are

the workers?'" Much of the change has been concentrated in the past five years, when Mr Belton has run the body and assembly plant. The crucial decisions were taken in 1989-90, when Dagenham switched from producing cars for the UK only to becoming an export plant for the whole of Europe for the Fiesta model. Mr Belton had to convince Ford dealers from France and elsewhere that Dagenham was shedding its reputation for poor quality and was now making world-class cars. It took months of visits before he succeeded. "They went to every corner of the plant. They talked to whoever they wanted."

At the same time, Mr Bel-

ton persuaded Dagenham's trade union representatives that there was no choice. The plant had to export or die. "They accepted that we had to be a global player."

Stefan Wagstyl



Terry Belton: a career at the heart of Ford's UK operations



## COMPANIES AND FINANCE

## CS Holding sells Watt stake for SFr1bn

By William Hall in Zurich

CS Holding, Switzerland's biggest bank, yesterday agreed to sell its stake in one of Switzerland's biggest electric utilities for SFr1bn (\$747m) to a Swiss-German consortium.

The consortium, which will take over CS Holding's 44.9 per cent stake in Watt, will be 42.5 per cent owned

by Nordostschweizerische Kraftwerke (NOK), a state-owned Swiss utility, while Bayernwerk, an electric utility controlled by German conglomerate Vieg, will take 21.25 per cent. Badenwerk and Energieversorgung, two smaller German utilities, will each own 10.625 per cent.

Watt, which owns stakes in four Swiss utilities, is in the process of being split off from Elektrowatt, an industrial conglomerate. CS Hold-

ing is Elektrowatt's biggest shareholder.

The consortium has agreed to buy each CS Holding share for SFr265. It plans to make a similar offer for the other 55.1 per cent of Watt shares, which are being floated off to Elektrowatt's shareholders.

CS will retain a 15 per cent stake in the consortium to ensure that the Swiss partners have control of Watt. NOK plans to offer part of its stake to other Swiss utilities.

The sale of CS Holding's shares comes less than a month after Union Bank of Switzerland, its main rival, agreed to sell two 20 per cent stakes in Motor Columbus, which controls Switzerland's biggest electric utility, to Electricité de France and RWE Energie of Germany for SFr532m. UBS will retain a 35.6 per cent stake.

Before this move there had been speculation that the two banks would combine their two stakes to create

the equivalent of Swiss Electricity AG.

Switzerland's electricity industry is important because of the country's central location and abundant supplies of hydro-electric power. As Europe's electricity industry is deregulated there will be an increasing trade in electricity and Switzerland is emerging as one of the key trading centres.

CS Holding is under considerable pressure to cash in the profits on its Elektrowatt

stake to cover its own substantial restructuring costs.

Yesterday's announcement increases the likelihood that control of the rest of Elektrowatt, which is one of the world's biggest system control businesses, will also be sold to a trade buyer. Siemens, ABB and Siebe of the UK, have all been rumoured to be interested. Mr Simon Marshall-Lockyer, of NatWest Markets in Zurich, said he reckoned that Watt was worth SFr2.5bn.

## INTERNATIONAL NEWS DIGEST

## Fed loosens bank profit restrictions

The Federal Reserve Board yesterday confirmed that it would allow the banks it regulates to increase the proportion of profits they draw from securities subsidiaries from 10 to 25 per cent. This move, effective on March 6, is one of the most significant steps yet taken by federal regulators to reduce the restrictions on banks' activities in insurance and securities placed by the Glass-Steagall Act of 1933. It increases the chances that Congress will make a renewed attempt to pass more wide-ranging reforms in its next session.

Last month Mr Eugene Ludwig, the comptroller of the currency, who is responsible for the banks not regulated by the Federal Reserve, announced that he would allow banks to set up arm's-length subsidiaries for non-banking activities, in another significant extension of banks' powers. The Fed's plan is in line with proposals it announced earlier this year. It has allowed commercial banks to set up subsidiaries for activities such as underwriting securities and bond dealing since 1987, and about 40 banks have taken advantage of the option. Several members of the Fed board said they hoped Congress would now repeal the entire Glass-Steagall Act.

John Authers, New York

## Swedbank in Estonian acquisition

Swedbank, the Swedish commercial bank, has acquired a 12.5 per cent stake in Holopank, Estonia's second-largest bank. The shares were purchased from Hanzaspank, Estonia's largest bank and one of Holopank's main owners. Swedbank, which paid close to SFr75m (\$11m) for the stake, becomes the third biggest shareholder in Holopank. It said the move, the first direct investment by a Swedish bank in an Estonian bank, was an extension of its Nordic strategy.

Greg McIvor, Stockholm

## Go-ahead for Telefonica privatisation

Spain's government yesterday authorised the full privatisation of Telefonica, the national telecoms company in which the state holds a 21 per cent stake. The sale, which is expected to realise Ptas465bn (\$3.56bn), will be completed through a global offering in mid-February. Telefonica's disposal will be the first of several in 1997 by European operators including those of France Télécom and Italy's Stet.

The expected sale to Telefonica by the government of the 23 per cent stake it does not own in Tisa, the group's international subsidiary, was held off until the new year. Officials said this sale would take place before Telefonica's offering.

Tom Burns, Madrid

## Hachette in Polish media buy

In a deal equivalent to a total of \$128m, Hachette Distribution Services (HDS), together with two Polish partners, is to take 75 per cent of the Ruch press distribution company which the Warsaw government is privatising.

With its Polish partners, HDS, which is a division of France's Lagardère group, is to pay \$88m for Ruch, once Poland's national press distribution monopoly and still holder of 60 per cent share of the country's press market. At a cost of \$88m, the HDS-led consortium will take a 40 per cent of Ruch immediately with an option on another 36 per cent. HDS will itself eventually hold 81 per cent of the Polish company, and has committed itself to injecting another \$45m into the company.

David Buchanan, Paris

## MGAM to pay investors £200m over Young affair

By John Gapper, Banking Editor

Morgan Grenfell Asset Management yesterday promised 100,000 investors in three investment funds manipulated by Mr Peter Young, its rogue fund manager, compensation totalling about £200m (\$300m) for the losses they suffered.

The payments, which are unprecedented in the UK unit trust industry, are likely to make up two-thirds of total losses of £300m suf-

fered by MGAM and its parent bank Deutsche Bank in clearing up the aftermath of the Young affair.

The payments will go to more than 90 per cent of 107,000 investors in the funds, many of whom were attracted by what seemed to be Mr Young's talents as a unit trust manager in making his funds perform better than others.

In fact, Mr Young was falsely lifting the value of these funds by pouring cash into small technology companies around the world

through a web of Luxembourg holding companies. His deception was uncovered in September.

Deutsche Bank said that it would take a charge of £200m as an "extraordinary cost" in the 1996 financial year.

The compensation arrangement, agreed with the City's asset management regulator, will guarantee to all investors in the three funds a return on their investment equal to what they would have got in properly-run unit trusts.

Morgan Grenfell said that investors who put money in two of the funds, including the flagship European Growth Fund, at the start of August 1995 should have gained 17 per cent by this September, according to an index of other funds.

Instead, those in the Growth Fund gained only 2 per cent, as a result of a fall in the value of its assets at the beginning of this year. All investors who gained less than the index at any time in the period would be fully compensated.

Morgan Grenfell also said it would make sure that no-one in the three funds lost money, even if the comparable index went down during the relevant period. Investors are to be paid by April, and will be contacted individually by MGAM.

Mr Robert Smith, chief executive of MGAM, said he believed the firm had demonstrated good faith. "We feel an obligation to put [these matters] right in full," he said. See guide for individual investors, Weekend Money

## Broken Hill Proprietary at top of forecasts

By Nikkai Tait and Bethan Hutton in Sydney

Broken Hill Proprietary, the Australian resources group, yesterday announced an after-tax profit of A\$790m (US\$527m) for the half-year to the end of November, at the upper end of analysts' forecasts.

The result is 9.8 per cent down on the A\$876m produced in the first half of 1995-96. It also benefited from an A\$107m after-tax abnormal profit, after the settlement of the petroleum state issue with the Victorian state government.

Excluding abnormal profits, after-tax profits were 15.8 per cent lower at A\$683m, and earnings per share down 17.4 per cent at 41.9 cents.

The company's shares, which had been climbing ahead of the results, rose 43 cents to A\$17.48.

The improvement in the second quarter was owed largely to the strong perfor-

mance of the petroleum division, which made an operating profit of A\$442m in the first half, including the abnormal gain - more than double the A\$198m of a year ago. Apart from the tax settlement, BHP said the division had benefited from higher oil prices, partly offset by increased exploration expenditure.

The minerals division also saw a modest 3.1 per cent profit improvement to A\$230m, mostly because of higher coal and iron ore prices and increased iron ore shipments. However, the copper division - which takes in the recently-acquired Magma copper business in the US - made only A\$217m, down from A\$386m.

Copper prices were depressed for much of the period in the wake of the Sumitomo scandal, and BHP also said results from North America had been lower than expected, although cost-cutting had led to a

profit turnaround of A\$37m for North America. Mr John Prescott, managing director, said the company was aiming to cut copper production costs further.

The steel division posted a 39 per cent fall in profits to A\$180m, owing to rising labour and raw material costs and lower export prices.

BHP said prospects were "moderately encouraging". Steel prices were still "under pressure" and it expected minerals prices to remain at current levels, although copper prices were volatile.

Mr Prescott said the company was taking a conservative view in its copper hedging strategy. "We think that there will be some firming pressure in 1997," he said.

Oil prices had been higher than had been anticipated, and there was a chance of higher prices in the next year. Exploration expenditure across the group rose from A\$285m to A\$330m.



John Prescott: seeking more copper output cost cuts and expecting firmer prices in 1997

Comalco, the Australian aluminium producer which is 67 per cent owned by London-based RTZ-CRA, warned yesterday that it expected to make a loss in the second half of its financial year, ending on December 31. It

blamed the deficit mainly on lower metal prices and the strengthening Australian dollar, but also cited higher smelting costs - partly related to the upgrade of its New Zealand smelter - and the restructuring at its

Weipa bauxite mine.

In the first half, Comalco made a profit after tax of A\$43.9m, down from A\$155.1m. It said the deficit in the second half would "partly offset" the first-half surplus.

## Rivalry alters board at Lloyds TSB

By John Gapper, Banking Editor

Growing rivalry between banks and supermarkets as providers of financial services yesterday led to fallout at the helm of Lloyds TSB, Britain's biggest bank, when two directors of retail companies agreed to leave its board.

Sir Richard Greenbury, chairman of Marks and Spencer, and Mr John Gildersleeve, a director of Tesco,

are thought to have been asked to leave the board of Lloyds TSB - the dominant retail financial services company in the UK as a result of mergers and takeovers - because of the expansion of both companies into banking services.

Tesco has already attracted about 150,000 customers to its Clubcard Plus scheme, which offers a current account paying 5 per cent interest, while Marks and Spencer now sells per-

sonal pension and savings plans. Lloyds TSB announced after its monthly board meeting that the two non-executive directors would leave its board at the bank's annual meeting in April. It said they had "decided it would be appropriate" for them to do so.

Although Sir Richard has been a member of the Lloyds Bank board since 1992, and Mr Gildersleeve has been a director of TSB Group's

board for two years, conflicts of interest have become more pronounced in the past few months.

In that time, Tesco has set up Clubcard Plus scheme with National Westminster Bank, while other retailers, such as J.Sainsbury and Safeway, have also expanded into banking with schemes based around shopping loyalty cards.

Other banks may also be forced to re-consider non-executive directorships.

## Falling further out of fashion

It has not been a good week for Britain's textiles sector. On Tuesday, difficult trading conditions prompted Coats Vye, the UK's largest textiles group, to warn of a flat second half, while Sherwood, a supplier of underwear to the UK's leading high street stores, issued its second profits warning in six months.

Responding to the warnings, shares in Courtaulds Textiles hit their lowest level for more than six years on Tuesday.

Yesterday, the unhappy news continued as Claremont Garments, the clothing supplier to Marks and Spencer, said exceptional charges would be £1m higher than originally envisioned, and Christmas sales were not up to its "best expectations".

SR Gent, another M&S supplier, reported higher than expected losses for the year to June 30, and said it was in talks which could lead to a takeover bid.

"This is not a very fashionable sector to be in at the moment," said Mr Peter Wiesand, chairman and chief

## Motoko Rich on a bad week for the UK's textile industry

executive of Claremont.

In fact, conditions have been difficult in the textiles sector for some time. Over the past year, textile stocks have underperformed the FTSE All-Share by nearly 36 per cent, and profits warnings and broker downgrades have become common.

Suppliers to M&S have come under particular pressure as they have found it difficult to raise selling prices. "M&S has been incredibly resistant to price rises," said one analyst.

But M&S argues that the reason so many of its suppliers have suffered during the year has more to do with their non-M&S business.

"We have good relationships with our suppliers and we are not putting margin pressure on them," M&S said.

Nevertheless, nearly all the listed M&S suppliers have suffered during 1996. When Claremont unveiled plans to close its Glasgow

factory and cut a net 500 jobs, it cited margin pressure, which halved its interim profits to £2.7m. Analysts are now forecasting full-year profits of £1.1m (£12.9m).

Earlier this month, Stirling Group reported a 29 per cent fall in first-half pre-tax profits, while both William Baird and Courtaulds Textiles have announced hefty restructuring programmes this year.

To be fair, not every problem in the textile sector is related to M&S business. Sherwood, Coats and Courtaulds have strong exposures to the weak continental European market, and Coats was also hit by problems in Brazil and Turkey, by the strength of sterling, and by a downturn in its precision engineering business. Part of Baird's restructuring plans are to refocus on supplying clothes to M&S, which the retailer says is an indication

textile companies prefer its business.

One M&S supplier which has managed to remain relatively healthy is Dewhirst. The group raised interim pre-tax profits 10 per cent to £11.1m and is forecast to raise full-year profits to £25.8m (£22.3m). Analysts suggested Dewhirst benefited from strong management, a robust balance sheet, heavy capital investment and the early introduction of "crease-proof" cotton, which can command a premium price. Dewhirst is an exception to the trend, however, and repeated batterings have made investors wary of the industry.

"We have had such a round of downgrades throughout the last two years that no one is going to put any faith in the profit forecasts until we have some firm evidence that margins are improving and that trading is reasonable," said Ms Joan D'Olier, analyst at NatWest Markets. "The only way that the sector is going to turn around is when we get some good news."

## RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends (p)	Total for year	Total last year
Castle Mill Int	1.08 (1.01)	0.277 (0.202)	1.31 (1.05)	0.36 (0.42)	-	-	-	-
Farthingfold	0.944 (0.423)	0.107 (0.101)	0.26 (0.22)	1.22	Feb 17	1.17	-	1.17
Formaldehyde	10.9 (11.6)	0.789 (0.912)	4.02 (2.36)	-	-	2.5	-	3.5
Gent (SR)	154 (152.4)	11.134 (8.31)	28.5 (11)	-	-	-	-	-
Holway Int	67.4 (82.8)	2.17 (3.14)	32.5 (50.3)	18	Mar 5	18	24	24
Leicester Int	20.2 (18.4)	2.86 (2.95)	11.1 (10.9)	2.9	Apr 30	2.5	4.4	4
Macclesfield Int	22.1 (15.6)	4.75 (2.45)	0.081 (5)	2	Feb 4	1.65	-	5
Tris	39.7 (89.3)	18.34 (11.84)	20.72 (14.92)	nil	-	nil	-	-
Tucker Resources	0.221 (0.182)	0.126 (0.122)	0.04 (0.04)	-	-	-	-	-

Investment Trusts

	NAV (£)	Adjustable Dividend (p)	EPS (p)	Current dividend (p)	Date of payment	Dividends (p)	Total for year	Total last year
Abnott Asia	13.35 (12.85)	0.12 (0.15)	2.92 (0.37)	-	-	-	-	-
Abnott Prof Int	76.53 (68.94)	1.72 (1.72)	9.04 (8.05)	3.25	Jan 31	3.25	-	14
Electric & Power	277.04 (243.28)	1.78 (1.85)	1.98 (1.83)	1.8	Feb 3	1.7	-	3.65

Carriage shown basic. Dividends shown net. Figures in brackets are for corresponding period. \*After exceptional charge. †On increased capital. ‡In stock. §In cash. currency. SLS currency. \*Comparatives restated. ‡Second interim, making 6.5p to date.

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**BARING BROTHERS INTERNATIONAL LIMITED**  
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**FKI plc**  
for the whole of the share capital of  
**NEWMAN TONKS GROUP PLC**

Baring Brothers International Limited and N M Rothschild & Sons Limited (the "Sponsors") announce on behalf of FKI plc ("FKI") that, by means of a formal offer document dated 20th December 1996 (the "Offer Document"), the Sponsors have made a share and cash offer (the "Offer") on behalf of FKI to acquire all the ordinary shares of 25p each ("Newman Tonks Shares") in Newman Tonks Group PLC ("Newman Tonks"). Terms defined in the Offer Document have the same meanings in this advertisement.

The Offer values the whole of the fully diluted ordinary share capital of Newman Tonks at approximately £196.5 million. The Offer will be funded by FKI from its own resources.

The Offer is on the following basis:

For each Newman Tonks Share 0.625 FKI Shares and 25p in cash

The aggregate number of New FKI Shares available under the Offer is limited to 81,533,466 shares. Fractions of New FKI Shares will not be allotted or issued to persons accepting the Offer.

Newman Tonks Shareholders (other than certain overseas shareholders) who validly accept the Offer may elect to receive cash instead of the shares and cash to which they would otherwise have become entitled under the basic terms of the Offer (the "Cash Alternative") on the following basis:

For each Newman Tonks Share 140p in cash

The cash payable under the Cash Alternative will be provided by FKI partly from its own resources and partly from the proceeds of the Rights Issue.

Application has been made to the London Stock Exchange for the New FKI Shares to be issued pursuant to the Offer to be admitted to the Official List. It is expected that dealings in such New FKI Shares will commence on the business day following which the Offer becomes or is declared unconditional in all respects. Dealings will be for normal settlement. Pending the issue of definitive share certificates for New FKI Shares, transfers will be certified against the Register.

The New FKI Shares to be issued under the Offer will be issued credited as fully paid and will rank *pari passu* in all respects with the existing FKI Shares, including the right to FKI's final dividend for the year ending 31st March 1997 save that they will not be entitled to participate in the Rights Issue.

The full terms and conditions of the Offer are set out in the Offer Document and in the related Form of Acceptance. Accepting Newman Tonks Shareholders may only rely upon the Offer Document and Form of Acceptance for all the terms and conditions of the Offer. The full terms and conditions of the Rights Issue are set out in Listing Particulars dated 20th December 1996 ("Listing Particulars"). Copies of the Offer Document and Form of Acceptance and the Listing Particulars are available for collection during normal business hours from Northern Registrars Limited, Northern House, Penitence Road, Ferrybridge, Huddersfield, West Yorkshire HD8 6LA or from Barings, 60 London Wall, London EC2M 5TQ or from Rothschilds, New Court, 55 Abchurch Lane, London EC4A 3DF.

Acceptances of the Offer should be received by no later than 3pm on 10th January 1997 for such later time(s) and/or date(s) as FKI may, subject to the City Code on Takeovers and Mergers, decide.

The Offer is made by means of the Offer Document and is made to all Newman Tonks Shareholders, including those to whom the Offer Document is not being despatched.

The Offer is not being made, directly or indirectly, in or into the United States, Canada, Australia or Japan, or to any North American Person or resident of Australia or Japan, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of inter-state or foreign commerce of, or any facility of a national securities exchange of, the United States, Canada, Australia or Japan. Accordingly, copies of the Offer Document, the related Form of Acceptance and any other related offering documents are not being, and must not be mailed or otherwise distributed or sent in, into or from the United States, Canada, Australia or Japan, including to Newman Tonks Shareholders or participants in the Newman Tonks Share Option Schemes with registered addresses in the United States, Canada, Australia or Japan or to persons whom FKI knows, or has reason to believe, to be custodians, trustees or nominees holding Newman Tonks Shares for persons with addresses in the United States, Canada, Australia or Japan. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not distribute, send or mail them in, into or from the United States, Canada, Australia or Japan, or to any North American Person or resident of Australia or Japan, use the United States, Canadian, Australian or Japanese mails or any such means or instrumentality for any purpose, directly or indirectly, in connection with the Offer, and so doing will invalidate any related purported acceptance of the Offer. Persons wishing to accept the Offer must not use the United States, Canadian, Australian or Japanese mails or any such means or instrumentality for any purpose, directly or indirectly, relating to acceptance of the Offer. Envelopes containing Forms of Acceptance should not be postmarked in the United States, Canada, Australia or Japan or otherwise despatched from those jurisdictions and all shareholders wishing to accept the Offer must provide addresses outside the United States, Canada, Australia or Japan for the receipt of the consideration to which they are entitled under the Offer or for the return of Forms of Acceptance, Newman Tonks share certificates and/or other documents of title.

The New FKI Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under the securities laws of any jurisdiction of the United States. The relevant clearances have not been and will not be obtained from the securities commission of any province of Canada, no prospectus has been or will be lodged with, or registered by, the Australian Securities Commission and the New FKI Shares have not been and will not be registered under the securities laws of Japan. The New FKI Shares may not therefore (subject to certain exceptions) be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan or to, or for the account or benefit of, a North American Person, or a person in, or resident in, Australia or Japan.

The advertisement is issued on behalf of FKI by the Sponsors, each of which is regulated by The Securities and Futures Authority Limited.

The Sponsors are acting for FKI in connection with the Offer and the Rights Issue and no one else and will not be responsible to anyone other than FKI for providing the protections afforded to their customers or for providing advice in relation to the Offer and the Rights Issue.

The Directors of FKI accept responsibility for the information contained in this advertisement and to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information.

21st December 1996



## COMPANIES AND FINANCE: UK

# Amec sets up Spie link with £23m deal

By Andrew Taylor,  
Construction Correspondent

Amec, one of the UK's biggest construction groups, is to pay £20m-£23m for up to 46.6 per cent of Spie Batignolles, creating one of Europe's largest building and civil engineering companies.

Amec has the right to buy a controlling interest in its French rival after six years.

Some 12,000 of Spie's 20,000 workers and management initially are expected to buy the remainder of the company in an employee buy-out from Schneider, the French electricals group.

Under the terms of the deal announced yesterday, Amec initially would pur-

chase between 40 per cent and 46.6 per cent, depending upon the take-up by Spie employees.

In addition Spie will pay Schneider FF650m (£75m) to buy the 50 per cent stake of Spie Tritel, the specialist electrical services contractor, not already owned.

Schneider will raise FF1bn from the sales, which follow its rescue of Spie last year when it took over loss-making properties and debts of FF1.4bn. It also injected FF600m of new equity capital into the business.

In return, Schneider acquired tax losses, which it is expected to retain. The electrical group's shares rose 60 centimes yesterday to FF233.

Mr Peter Mason, Amec chief executive, said the British group had been in danger of being left behind in the consolidation of the European construction market around a small number of large powerful groups.

These companies had the balance sheet strength and broad range of skills needed to trade more readily in international markets both in Europe and further afield.

Amec, as Europe's 12th largest contractor, was in danger of being stranded as it outgrew a mature UK construction market, he said.

Mr Mason added that Amec and Spie combined would have annual turnover



Constructing alliances: Sir Alan Cockshaw (left), Amec chairman, with Peter Mason

of £4.5bn with about a third of sales in the UK and France, with the remainder in other international markets.

Spie was forecasting post-tax profits of about FF110m next year, which would add about £4m-£5m to Amec's pre-tax profits and increase

the British group's earnings per share by about a quarter, said Mr Mason.

Amec's shares yesterday rose 1p to 91½p.

## Some recovery in ECC trading

By David Blackwell

Shares in English China Clays rose yesterday after the speciality chemicals and minerals group spoke of "some improvements in trading conditions".

The group also revealed in a trading statement that the cash cost of the restructuring programme would be £12m - much lower than had been expected. The shares, which hit a five-year low of 167½p earlier this month, added 14p to 191½p.

Mr Dennis Rediker, who took over as chief executive from Mr Andrew Teare a year ago, promised cost savings of more than £20m from the restructuring when announcing a collapse in pre-tax profits from £55.3m to £5.7m in September.

"We will accomplish the £30m and some more," he said yesterday. After advice from McKinsey, the management consultants, the group had adopted a comprehensive programme to improve

operations from mining right through to product.

It involves improved purchasing, better logistics, lower administration costs and lower research and development costs without losing any effectiveness.

In addition, the group, which relies for 70 per cent of sales on the paper industry, was finding its main markets showing signs of improvement. "The combination of the reorganisation and better trading conditions has led the management to have more optimism," said Mr Rediker.

Analysts, who are forecasting profits of £55m for the year to the end of this month, were yesterday feeling more confident of average forecasts of about £70m in 1997.

"The group is not firing on all cylinders - but it is past the worst," said one. He added that even if the dividend is cut from 18.7p to 10p, as widely expected, the yield was over 6 per cent.

## EU blocks Anglo voting Lonrho stake

The European Commission has blocked Anglo American of South Africa from exercising the voting rights attached to its 38 per cent stake in Lonrho, the UK conglomerate.

The provisional decision also means that Anglo may not appoint any further directors to the board during the Commission's four month inquiry.

Mr Karel Van Miert, com-

petition commissioner, has warned that any attempt by Anglo to take control of Lonrho was likely to be blocked as it would create a dominant position in the platinum and rhodium markets.

Anglo is believed to have made representations to the Commission to be able to vote its shares on all resolutions not connected with Lonrho's platinum interests.

## Littlewoods set to win Freemans

By Peggy Hollinger

Littlewoods could be set to win Freemans, the mail-order business put up for sale by Sears earlier this year, with an offer of about £360m.

The deal would create a business to rival Great Universal Stores, the UK's mail-order leader, with a market share of 30 per cent.

Littlewoods is believed to have beaten a bid of about £300m from Otto Versand of Germany, which owns Grattan in the UK.

Other bidders included N Brown, the French group Pinault Printemps, which owns Empire, and two other companies. GUS has been keen to make an offer, but is thought to have failed to make a firm bid before yesterday's closing date.

Analysts said a disposal at this price was likely to dilute earnings this year and next. Sears paid £477m for Freemans, the UK's third largest mail-order business, in 1988. Although the auction is now formally closed, analysts

suggested that higher offers could still come in. The bidding process had already been delayed once to allow two new offers to be made. "I would be amazed if GUS lets it get away for £350m," said one analyst.

Meanwhile, analysts suggested that Sears would now address the issue of British Shoe Corporation, Britain's largest footwear retailer. BSC has been responsible for many of Sears' problems in recent years. Despite restructuring

and the disposal of its shoe factories and a number of retail businesses, profits and market share have tumbled.

Some analysts speculated that Sears was preparing BSC for sale in the next six months, given the introduction of new management and further operational changes since the restructuring. "If they gave it away for nothing people would be delighted," said one. The company yesterday denied that it was preparing BSC for sale.

## Higher cost savings from BP/Mobil

By Peter Marsh

British Petroleum and Mobil of the US said yesterday they would gain much higher cost savings than originally envisaged from the \$5bn (£2.9bn) merger of their European fuels and lubricants operations.

The two said they would realise annual savings "in excess" of \$200m from bringing together their marketing operations and disposing of surplus office space, on top of the \$400m-\$500m a year savings already identified.

BP and Mobil also said the one-off costs associated with bringing about the merger would be almost twice as high as originally calculated.

These costs, to be shared by the two companies, are computed as \$740m pre-tax, compared to the \$400m estimated earlier in the year.

Some 2,300 jobs will be lost as a result of the merger.

## Farnell in \$300m disposal

By Christopher Price

Premier Farnell has sold its volume electronic components distribution business to Arrow of the US for \$300m (£180m).

With all volume distribution businesses badly affected by the cyclical decline in electronic components prices, the disposal was well received and the shares rose 27½p to 71½p.

The sale of Farnell Electronic Services ends the group's interest in the volume side of the business.

leaving it free to concentrate on its catalogue components interests. Earlier this year, Farnell paid £1.9bn to buy Premier, the biggest catalogue components distributor in the US.

The proceeds from the disposal will be used to reduce Premier Farnell's large debts. Mr Howard Poulson, chief executive, said short-term dollar loans would be virtually repaid through the deal. Interest cover would rise from eight times to "well into double figures," he said.

The company estimates the disposal will enhance shareholders' funds by generating a surplus above book value of about £70m. Analysts forecast that debts for the year to January 31 1998 would fall from \$360m to \$190m, while negative shareholders' funds of £3m would be transformed into positive funds of £105m.

With FES contributing \$25m to profits last year, analysts' forecasts have been reduced some 10 per cent to \$18m, taking into account the reduced interest bill.

## Burnfield retort to Fairey

By Tim Burt

Burnfield, the measuring instruments company fighting a hostile bid from Fairey Group, yesterday accused the specialist engineer of publishing "misleading" financial information about the company.

Mr Brian McGowan, Burnfield chairman, said that Fairey's criticism of its financial record - highlighting uncovered dividends and losses on disposals - was "a red herring".

"Their allegations are irrelevant because they refer to our temperature and pressure businesses which have been sold, rather than the underlying group," he said.

But Mr John Poulter, chief executive of Fairey, said: "They continued to invest in

these rubbishy businesses right up to the time they sold them."

"It raises questions about their management processes," Burnfield was yesterday thought to be preparing a circular to shareholders answering Fairey's criticism.

Publication of the document may be brought forward because of an extraordinary meeting called for December 30, when shareholders will consider Burnfield's proposed £24m acquisition of LDS, the manufacturer of vibration testing equipment.

Fairey has warned it will abandon the bid if shareholders vote in favour of the deal.

Mr McGowan, however, said it was not as cynical as

Fairey claimed and had promising international growth prospects.

Burnfield's defence is also expected to concentrate on the recent growth of Malvern, its particle measurement division, where profits rose more than 28 per cent to £2.7m last year.

Industry analysts also expect it to predict robust growth at Beta, Burnfield's recently acquired laser gauging business.

Fairey's 1-for-4 share offer values the target's stock at 150.95p - including Burnfield's proposed 2.2p final dividend.

There is a cash alternative of 135p, underwritten by Charterhouse Bank.

Burnfield shares fell 1p to 140½p.

## SR Gent still in bid talks

By Motoko Rich

SR Gent, the supplier of clothing to Marks and Spencer, yesterday said it was still in talks with "several parties" about a possible takeover of the company.

The group, which told shareholders in October that it had received preliminary approaches, also announced higher than expected pre-tax losses of £11.1m (£8.3m profit) for the year to June.

The announcement of the

results had been delayed since September because of negotiations with bankers. The company said it had agreed heads of terms for new banking facilities.

Mr Peter Wolff, chairman, said that if a takeover was in the interest of shareholders, staff and M&S, he would agree to it. He and Mr Peter Wetzel, deputy chairman, together own 64 per cent of the shares.

He said the interested parties were a mix of M&S sup-

pliers and others, while analysts said it was likely that overseas companies would be interested.

Mr Wolff said the losses last year were higher than expected because of increased exceptional charges of £18m, relating to closure costs for Clothing Barn, the group's retail chain, obsolete stock and refinancing.

Analysts forecast pre-tax profits of £4.1m for the year to June 1997.

## Claremont warns of higher charges

Higher restructuring charges caused Claremont Garments, the Marks and Spencer supplier, to warn of decreased second-half profits, writes Motoko Rich.

The group said, however, that trading had been strong and margin pressure was easing as it achieved some price rises for the new season. Christmas sales, though, were not up to "best expectations".

Shares in the company eased 6p to 166½p.

Mr Peter Wiegand, chairman and chief executive, said that gross profits in the second half were up slightly

but the rise in exceptional charges from a forecast 28m to 57m, associated with a Glasgow factory closure and a move to cut overheads in the remaining sites, would hit the bottom line.

Mr Wiegand was confident about 1997, when consumer confidence was expected to rise and the benefits of restructuring should emerge. Claremont had bought 65 per cent of a Moroccan business, where a joint venture would begin next month.

Analysts forecast 1996 profits after exceptional of about £1.1m.

See facing page

## NEWS DIGEST

## Williams makes Spanish buy

Williams Holdings yesterday announced a big expansion of its security product division by acquiring Tesa of Spain for £18m (£101m) cash.

The industrial manufacturing group predicted that the purchase would lift annual sales in its security division - its smallest - by about a third to more than £300m.

Mr Roger Carr, chief executive, said the deal marked the latest stage in a 12-month refocusing, which has seen the company spend more than £300m on acquisitions and raise £430m from disposals. It will be funded using proceeds from the £360m disposal of the UK building products business earlier this month. "We are now concentrated in three divisions and believe that security could be one of the fastest growing areas," he added.

Tesa will help increase Williams' presence in electronic locks; it will gain a foothold in manufacturing hotel card keys, of which the Spanish company is the world's second largest supplier. This year Tesa is expected to report pre-tax profits of £18m (£13m) on sales of about £183m (£131m).

Under the transaction, Williams has agreed to buy both the majority stake held by Tesa's family shareholders and a 33 per cent minority interest held by Newman Tonks, Europe's largest architectural hardware group.

Newman Tonks, which is facing a £197.5m hostile bid from FKI, said it would make a £12m gain on the sale.

FKI last night published an offer document telling Newman Tonks shareholders that its share-and-cash offer would give them "the opportunity to exit a business with a dismal track record at a significant premium". Mr Geoff Gahan, Newman Tonks chief executive, said: "There's nothing new in this document which only goes to confirm their derisory offer. FKI have demonstrated they do not understand our business or market."

## Ramco in Georgian deal

Shares in Ramco Energy rose 15 per cent yesterday after the oil services and development company announced an exploration agreement with the government of Georgia.

The Aim-listed company also intends to issue 8.5m shares in the US to raise up to \$15m (\$8.8m), and to list on the US national securities exchange.

Shares in London gained 137½p to close at £10.30, confirming the Aberdeen-based group's position as the second largest stock on the UK's junior market.

Mr Stephen Bartram, finance director, said the money had been earmarked for a range of new projects in the former Soviet Union. Ramco is the only UK independent oil group to have secured a position in the rapidly evolving Azerbaijan oil industry.

The new shares will also increase liquidity as about half the group is currently held by three shareholders.

Ramco will hold an extraordinary meeting on January 16 for shareholders to agree the new listing. The proposed offering will also be available for UK institutional and European shareholders.

## Gulf Canada hits out

Gulf Canada Resources, the oil and gas group, hit out at the directors of Clyde Petroleum, the UK oil independent, when it issued the offer document for its £432m hostile bid last night. Gulf reiterated its view that the 106p a share cash offer, launched on Wednesday, was a "full and fair" price.

Mr JP Bryan, Gulf's president and chief executive, added: "We were surprised by the Clyde board's decision to reject our generous offer after only a few hours' consideration, particularly given that four of the executive directors, including the chairman and finance director, decided to sell Clyde shares for 81p earlier this week."

Clyde responded by pointing out that the directors who exercised share options on Monday, at the same time as the group announced an acquisition, all retained sizeable stakes in the company. The company said that the 100,000 share options which had been exercised last 4m held by directors.

## Trio loss deepens to £18m

Trio Holdings, the money broker, saw pre-tax losses widen last year from £11.8m to £18.3m as it continued its rationalisation and reconstruction in the face of falling volumes.

In the year to September 30 turnover fell to £28.7m (£28.3m) as Trio withdrew from broking of spot foreign exchange, through the sale of subsidiaries in Germany and Switzerland and the closure of all other spot broking desks in New York and south-east Asia. It ceased trading earlier this month in money market products in New York. Exceptional charges totalled £11.8m (£4.63m).

The company said after-tax losses on discontinued activities of £13.2m were mitigated by the write-back to reserves of goodwill on the businesses of £9.8m.

## Bullish outlook at Kelsey

Kelsey Industries yesterday reported a 30 per cent contraction in full-year profits - bearing out the profit warnings delivered during the year to September 30.

The shares, however, improved 38p to 395p as Mr Brian Arbib, chairman, forecast "good progress" in the current year and described the long-term outlook as "encouraging".

Turnover from continuing operations improved 6 per cent to £67.4m, generating pre-tax profits of £2.17m (£2.14m).

As the company had previously warned, the "disappointing" setback reflected start-up costs in its automotive components side, based in Germany, and slowing sales, particularly in North America and Asia Pacific, for solder materials.

## Wainhomes compensation

Wainhomes has agreed to pay compensation of £225,000 to Mr Ron Smith, who was ousted as chief executive of the housebuilder last January, after he was said to have lost the board's confidence.

Wainhomes said the compensation agreed with Mr Smith previously had been included as a liability in its accounts for the year to March 31 1996.

## LEGAL NOTICES

HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

IN THE MATTER OF  
STRONG PREMIER HOLDINGS PLC  
and  
IN THE MATTER OF  
THE COMPANIES ACT 1985

NOTICE IS HEREBY given that a Petition was on the 6th December 1996 presented to Her Majesty's High Court of Justice for (a) the sanctioning of a Scheme of Arrangement and (b) the confirmation of the Reduction of the Capital of the above-named Company by the terms of the said Scheme of Arrangement and (c) the confirmation of the Reduction of the Capital of the above-named Company by the terms of the said Scheme of Arrangement and (d) the confirmation of the Reduction of the Capital of the above-named Company by the terms of the said Scheme of Arrangement.

AND NOTICE IS FURTHER given that the said Petition is directed to be heard before the Companies Court Judge at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday 13th January 1997. Any creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said Scheme of Arrangement should appear at the time of hearing in person or by Counsel for the purpose.

A copy of the said Petition will be furnished to any such person requesting the same by the undersigned Solicitors on payment of the regulated charge for the same.

DATED the 19th December 1996  
Slaughter and May  
35, Abchurch Lane, London EC4N 3DB  
Tel: 0171-402 1200 Fax: 0171 402 1211

HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

IN THE MATTER OF  
CALOR GROUP PLC and  
IN THE MATTER OF  
THE COMPANIES ACT 1985

NOTICE IS HEREBY given that a Petition was on the 6th December 1996 presented to Her Majesty's High Court of Justice for (a) the sanctioning of a Scheme of Arrangement and (b) the confirmation of the Reduction of the Capital of the above-named Company by the terms of the said Scheme of Arrangement and (c) the confirmation of the Reduction of the Capital of the above-named Company by the terms of the said Scheme of Arrangement and (d) the confirmation of the Reduction of the Capital of the above-named Company by the terms of the said Scheme of Arrangement.

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Dated the 19th December 1996  
Slaughter and May  
25 Abchurch Lane, London EC4N 3DB  
Tel: 0171-402 1200 Fax: 0171 402 1211

Recommended Cash Offer by  
J.P. Morgan  
on behalf of  
Exceler Health Care Group PLC  
(Incorporated in England and Wales, number 282610)  
to acquire the whole of the issued share capital of  
Ashbourne PLC  
not already owned by the Sun Group

Morgan Guaranty Trust Company of New York ("J.P. Morgan") announces on behalf of Exceler Health Care Group PLC ("Exceler") that it has issued a formal offer document (the "Offer Document") dated and despatched on 21 December 1996. J.P. Morgan is making an offer (the "Offer") on behalf of Exceler for all the issued and to be issued shares in Ashbourne PLC ("Ashbourne") not already owned by Sun Healthcare Group, Inc. ("Sun") and its subsidiaries and subsidiary undertakings (the "Sun Group") (the "Ashbourne Shares"). The full terms and conditions of the Offer (including details of how the Offer may be accepted) are set out in the Offer Document.

A person who accepts the Offer will receive 17½p in cash. In addition, shareholders will be entitled to receive the proposed Ashbourne final dividend of 2.8p (net) for the year ended 29 September 1996.

Ashbourne shareholders (other than certain overseas shareholders) may elect to receive loan notes to be issued by Exceler and guaranteed by Sun ("Loan Notes") in lieu of some or all of the cash consideration to which they would otherwise be entitled under the Offer on the basis of £1 nominal of Loan Notes for every £1 of cash due under the Offer.

No Loan Notes will be issued unless elections have been received for at least £3.3 million in aggregate nominal value of Loan Notes by the time the Offer becomes or is declared wholly unconditional. If as a result of this condition, the Loan Notes are not issued, those Ashbourne shareholders who have elected for Loan Notes will receive the consideration in cash.

The Offer is, by means of this advertisement, extended to all persons to whom the Offer Document may not be despatched who hold, or who are entitled to have allotted to them, Ashbourne Shares. Such persons are informed that copies of the Offer Document and forms of acceptance are available for collection from J.P. Morgan, 60 Victoria Embankment, London EC4A 3DF and from The Royal Bank of Scotland plc, Registrars' Department, New Leazes Section, PO Box 859, Consort House, East Street, Bournemouth, Dorset BH9 1XZ.

The Offer will initially be open for acceptance until 3.00 pm on 13 January 1997.

The Offer is not being made, directly or indirectly, in or into the United States or Canada and neither the Offer Document nor the form of acceptance is being mailed or otherwise distributed or sent in or into the United States or Canada.

The Loan Notes to be issued pursuant to the Offer have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under any of the securities laws of any state of the United States or Canada. Accordingly, unless an exception under such Act or laws is available, the Loan Notes may not be offered, sold or delivered, directly or indirectly, in or into the United States or Canada.

This advertisement is not being published or otherwise distributed or sent in, into or from the United States or Canada. All persons reading this advertisement (including custodians, trustees and nominees) who would, or otherwise intend to, forward this advertisement, the Offer Document or any related documents must not distribute or send them in, into or from the United States or Canada and doing so may render invalid any related purported acceptance of the Offer.

This advertisement is published on behalf of Exceler and has been approved by J.P. Morgan for the purposes of Section 57 of the Financial Services Act 1986.

The Directors of Exceler accept responsibility for the information contained in this advertisement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information.

21 December 1996

مكتبة المجلد



## WEEK IN THE MARKETS

## Crude oil price trend stronger

By Deborah Hargreaves and Ken Gooding

Crude oil prices saw a volatile week's trading, but the underlying trend was stronger after cold weather in the US and the expiry of the January futures contract on the New York Mercantile Exchange.

January futures prices in New York breached the \$26-a-barrel mark for the first time since October. But the rise was largely in response to traders covering short positions ahead of January expiry. The February contract, which now holds front month position, slid 20 cents to \$25.65 yesterday.

Previously, freezing weather in the US Midwest sent oil products and natural gas futures higher with more cold weather forecast for next week. Traders largely ignored the return of Iraq's oil to the world market, as 14 companies signed up to buy Iraqi oil and the first tankers left Iraqi ports.

The oil market has recently defied analysts' predictions of a drop in prices, but many still believe that, once the weather scares have diminished, oil will retrace substantially.

"Unless the weather is very cold, we will see a decline in prices over the next few weeks," said Mr Mohammed Abduljabbar, oil market analyst at Petroleum Finance Company in Washington. Mr Abduljabbar believes New York prices will sink to \$21 a barrel if the weather is normal.

But he said the oil market would regain its lustre in March at the onset of the key driving season in the US because of low gasoline stocks.

On the London Metal

Exchange traders would usually be having a quiet time balancing their books for the year end, but the copper market is still keeping them alert.

"Market attention continues to focus on the possibility of a squeeze on the January dates, which is likely to keep the market wary over the coming Christmas holidays," said Mr Wiktor Bielecki, analyst at Deutsche Morgan Grenfell.

Fresh evidence of supply tightness re-emerged on Thursday and continued yesterday even though there was a slight increase

reported in LME warehouse stocks.

The premium for copper for immediate delivery compared with metal for delivery in three months rose to more than \$10 a tonne, compared with \$5 on Monday.

Mr William Adams, analyst at Rudolf Wolff, a subsidiary of Noranda, the Canadian natural resources group, said the market had been concerned that this premium, or backwardation, might not be justified by fundamentals. "But if there was a surplus of metal, firm prices should have attracted it to the market by now."

Analysts at Macquarie Equities pointed out much of copper that recently arrived in LME stocks was switched from New York's Comex warehouses, attracted by the LME's higher prices.

The tightness helped copper recover from a price weakness evident at the beginning of this week. Other metals were dragged up in sympathy. Nickel and tin prices bounced back after starting the week with prices crumbling. On Monday tin slumped to a fresh 19-month low and nickel fell to a new 26-month nadir.

## WEEKLY PRICE CHANGES

	Latest price	Change on week ago	1996 High	1996 Low
Gold per troy oz.	\$369.15	+0.25	\$367.40	\$367.20
Silver per troy oz.	\$29.50	+0.25	\$30.50	\$29.50
Aluminium 99.7% (cash)	\$1,507.25	+7.75	\$1,508.50	\$1,507.25
Copper Grade A (cash)	\$2,248.50	+7.00	\$2,250.00	\$2,248.50
Lead (cash)	\$723.20	+2.50	\$725.50	\$723.20
Nickel (cash)	\$2,525.50	+4.25	\$2,527.50	\$2,525.50
Zinc 99.99% (cash)	\$1,038.75	+2.25	\$1,041.25	\$1,038.75
Tin (cash)	\$3,722.00	+4.00	\$3,726.00	\$3,722.00
Sugar (LDP Raw)	\$22.00	+0.02	\$22.02	\$22.00
Barley Futures Jan	\$34.00	+1.00	\$34.00	\$34.00
Wheat Futures Jan	\$38.75	+0.25	\$38.75	\$38.75
Cotton Outlook A Index	78.50	+0.10	78.50	78.50
Wool 64 Super	40.00	+0.00	40.00	40.00
Oil (Brent) Jan	\$24.01	+0.09	\$24.10	\$23.92

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## WORLD BOND PRICES

## MARKETS REPORT

By Lisa Branstetter in New York and Samer Iskander in London

US Treasury prices gave back some of Thursday's strong gains in early trading yesterday, but the yield on the benchmark 30-year Treasury held just below 6.6 per cent.

Near midday in New York, the benchmark 30-year Treasury was off 4¢ at 97 1/8, or 6.58 per cent, while at the short end of the maturity spectrum existing two-year notes were 1/4¢ weaker at 99 1/4, yielding 5.84 per cent. The March 30-year bond future added 1/4¢ at 113 1/4.

Traders attributed yesterday's slip to a round of profit-taking on the heels of Thursday's rally, which saw the long bond jump nearly 1 1/4 points and pushed its yield below 6.6 per cent for the first time in more than a week. Activity is expected to be quiet through the new year, with little in the way of new economic data to be released next week before or after Christmas.

## BENCHMARK GOVERNMENT BONDS

Coupon	Rate	Price	Change	Yield	Week ago	Month ago
Australia	6.75	110.00	+0.08	7.28	7.42	7.18
Belgium	5.00	101.00	+0.02	5.87	5.94	5.83
Canada	7.00	100.00	+0.02	6.44	6.50	6.44
Denmark	8.00	100.00	+0.02	8.00	8.00	8.00
France	6.50	100.00	+0.02	6.50	6.50	6.50
Germany	6.50	100.00	+0.02	6.50	6.50	6.50
Italy	6.50	100.00	+0.02	6.50	6.50	6.50
Japan	6.00	100.00	+0.02	6.00	6.00	6.00
Netherlands	6.00	100.00	+0.02	6.00	6.00	6.00
Portugal	6.00	100.00	+0.02	6.00	6.00	6.00
Spain	6.00	100.00	+0.02	6.00	6.00	6.00
Sweden	6.00	100.00	+0.02	6.00	6.00	6.00
UK	6.00	100.00	+0.02	6.00	6.00	6.00
US Treasury	6.00	100.00	+0.02	6.00	6.00	6.00

London closing, New York mid-day. Yields include withholding tax at 12.5 per cent payable by non-residents. Source: Reuters International.

Source: Reuters International.

Source: Reuters International.

Source: Reuters International.

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Source: Reuters International.

## BASE METALS

## LONDON METAL EXCHANGE

(Prices from Antwerp Metal Trading)

ALUMINIUM 99.7% PURITY (\$ per tonne)

Cash 3 mths

Close 1507.25 1508.50

Previous 1507.25 1508.50

High/Low 1507.25 1508.50

AM Official 1507.25 1508.50

Kerb close 1507.25 1508.50

Open int. 240,000

Total daily turnover 33,115

ALUMINIUM ALLOY (\$ per tonne)

Close 1570.75 1570.75

Previous 1570.75 1570.75

High/Low 1570.75 1570.75

AM Official 1570.75 1570.75

Kerb close 1570.75 1570.75

Open int. 5,041

Total daily turnover 482

LEAD (\$ per tonne)

Close 714.15 714.15

Previous 714.15 714.15

High/Low 714.15 714.15

AM Official 714.15 714.15

Kerb close 714.15 714.15

Open int. 37,491

Total daily turnover 11,600

NICKEL (\$ per tonne)

Close 6810.00 6810.00

Previous 6810.00 6810.00

High/Low 6810.00 6810.00

AM Official 6810.00 6810.00

Kerb close 6810.00 6810.00

Open int. 68,000

Total daily turnover 68,000

TIN (\$ per tonne)

Close 14,347 14,347

Previous 14,347 14,347

High/Low 14,347 14,347

AM Official 14,347 14,347

Kerb close 14,347 14,347

Open int. 14,347

Total daily turnover 14,347

COBALT (\$ per tonne)

Close 10,000 10,000

Previous 10,000 10,000

High/Low 10,000 10,000

AM Official 10,000 10,000

Kerb close 10,000 10,000

Open int. 10,000

Total daily turnover 10,000

COBALT (\$ per tonne)

Close 10,000 10,000

Previous 10,000 10,000

High/Low 10,000 10,000

AM Official 10,000 10,000

Kerb close 10,000 10,000

Open int. 10,000

Total daily turnover 10,000

COBALT (\$ per tonne)

Close 10,000 10,000

Previous 10,000 10,000

High/Low 10,000 10,000

AM Official 10,000 10,000

Kerb close 10,000 10,000

Open int. 10,000

Total daily turnover 10,000

COBALT (\$ per tonne)

Close 10,000 10,000

Previous 10,000 10,000

High/Low 10,000 10,000

AM Official 10,000 10,000

Kerb close 10,000 10,000

Open int. 10,000

Total daily turnover 10,000

COBALT (\$ per tonne)

Close 10,000 10,000

Previous 10,000 10,000

High/Low 10,000 10,000

AM Official 10,000 10,000

Kerb close 10,000 10,000

Open int. 10,000

Total daily turnover 10,000

COBALT (\$ per tonne)

Close 10,000 10,000

Previous 10,000 10,000

High/Low 10,000 10,000

AM Official 10,000 10,000

Kerb close 10,000 10,000

Open int. 10,000

Total daily turnover 10,000

COBALT (\$ per tonne)

Close 10,000 10,000

Previous 10,000 10,000

High/Low 10,000 10,000

AM Official 10,000 10,000

Kerb close 10,000 10,000

Open int. 10,000

Total daily turnover 10,000

COBALT (\$ per tonne)

Close 10,000 10,000

Previous 10,000 10,000

High/Low 10,000 10,000

AM Official 10,000 10,000

Kerb close 10,000 10,000

Open int. 10,000

Total daily turnover 10,000

COBALT (\$ per tonne)

Close 10,000 10,000

Previous 10,000 10,000

High/Low 10,000 10,000

AM Official 10,000 10,000

Kerb close 10,000 10,000

Open int. 10,000

Total daily turnover 10,000

COBALT (\$ per tonne)

Close 10,000 10,000

Previous 10,000 10,000

High/Low 10,000 10,000

AM Official 10,000 10,000

Kerb close 10,000 10,000

Open int. 10,000

Total daily turnover 10,000

COBALT (\$ per tonne)

Close 10,000 10,000

Previous 10,000 10,000

High/Low 10,000 10,000

AM Official 10,000 10,000

## Precious Metals continued

(\$ per 100 troy oz; \$ per oz)

Gold COMEX (100 troy oz; \$ per oz)

Close 389.15 389.15

Previous 389.15 389.15

High/Low 389.15 389.15

AM Official 389.15 389.15

Kerb close 389.15 389.15

Open int. 1,000

Total daily turnover 1,000

PLATINUM NYMEX (50 troy oz; \$ per oz)

Close 375.15 375.15

Previous 375.15 375.15

High/Low 375.15 375.15

AM Official 375.15 375.15

Kerb close 375.15 375.15

Open int. 1,000

Total daily turnover 1,000

PALLADIUM NYMEX (100 troy oz; \$ per oz)

Close 110.00 110.00

Previous 110.00 110.00

High/Low 110.00 110.00

AM Official 110.00 110.00

Kerb close 110.00 110.00



## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
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Saturday December 21 1996

# The ghost at Europe's feast

The Organisation for Economic Co-operation and Development wishes the world a moderately prosperous new year and an even better 1998.

The growth of national incomes will accelerate to 2.8 per cent on average in two years' time, it thinks, as Europe and Japan pick up the baton from the US. And inflation will scarcely stir from its slumbers. Bravol! The 427m workers of the developed world could unite in drinking to that, as they leave for the Christmas holiday. But there will be, alas, another 36m who cannot share the glad tidings: they have no job to take a holiday from.

The OECD's latest Economic Outlook has increased its forecast of total unemployment by 2m compared with its last estimate in June. The trend remains downwards, to be sure. But in the EU, plagued by weak growth, the unemployment rate is expected to fall by less than 1 percentage point from its peak in 1994 to 10.9 per cent by 1998. This represents 18m people on the dole. As a proportion of the workforce, it is five times the rate in the 1960s.

So, welcome as it is, a revival of Europe's economy will have a relatively small effect on the region's direst problem. Moreover, it is well to remember the good times in prospect will be much less bright than recoveries past. The OECD's latest forecasts suggest average annual growth for the EU and the US for most of the 1990s will be only 1.9 per cent (compared with 1.6 per cent in Japan).

It is too easy to compare this dreary performance with average growth in the 1960s and early 1970s – an average of 4.8 per cent in Europe, 4.3 per cent in the US and 5.4 per cent in Japan. In that go-go era, the rise of national income outstripped productivity growth and led to steep increases in commodity prices – and a quadrupling of oil prices. After the big inflation came the slow march of unemployment, still a dark shadow upon the prosperity of Europe.

## Old question

However, the OECD also points up the comparison with the more sober 1970s and 1980s when economic growth in all the large economies was significantly faster than can be expected in this decade. Its analysis revives that old question: what more must be done to improve economic performance and to get people back into work?

The answer which economists

would have given with confident unanimity in earlier decades, and which some still cling to, no longer carries any conviction. Almost all OECD governments are so heavily in debt that they could not honestly borrow their way into higher growth, even if it were desirable. With the exception of Japan, which has been mired in recession, all governments of major countries are actively trying to cut their deficits.

In this, the targets set by the Maastricht treaty for those countries which want to join the European monetary union in 1999 are no stricter than would be sensible anyway. For, as the OECD rightly points out, high deficits and increasing debt levels (expected to reach a peak of 78 per cent of GDP in Europe next year) have pushed up real long-term interest rates and so acted as a drag on growth.

## Painful decisions

The corollary is that further cuts in deficits could have a fairly rapid pay-off in terms of lower interest rates, as has happened in Italy. However, this benefit will last only if governments convince the markets of their long run determination to control deficits. And that means making painful decisions about public spending so as to restrain taxes from their inexorable upward progress. Tax revenues in the EU are now just under 44 per cent of GDP on average, compared with 36 per cent 20 years ago. The OECD is by no means alone in thinking that further rises will put a damper on the animal spirits of economic activity.

Difficult as this may be, the pill can be eased in continental Europe by a further easing of short-term interest rates, which would hardly threaten inflation targets in Germany and France, although the accelerating consumer boom in the UK will need to be restrained.

The remaining lever of policy must be de-regulation of the labour market and monopolistic industries. The OECD estimates such measures could reduce the overall price level by more than 1½ per cent in France and Germany and raise output by a similar amount. But in the short term such measures reduce jobs and depress some wages.

So the governments of Europe must not be seduced into over-indulgence in the party spirit. They will soon have to tighten their belts further and make stern new year resolutions.

# A year of living exuberantly

Philip Coggan looks at the reasons why global stock markets have been riding high and whether the surge can continue

World stock markets have been riding a wave of easy money, carrying national index after index to all-time highs in the past few months. The Dow Jones Industrial Average had its second biggest daily points rise on Thursday.

But is this a case of capitalism triumphant or of the "irrational exuberance" referred to by Mr Alan Greenspan, chairman of the US Federal Reserve at the start of the month?

The odd sign of irrational exuberance has been cropping up around the world. So many eager investors visited the Dhaka Stock Exchange in Bangladesh after a rapid rally this autumn that cracks appeared on the fourth and seventh floors and the building was closed to all but officials. A few weeks later police were forced to use tear gas to disperse demonstrators protesting about a decline in prices.

In China, the Shenzhen B index recorded a gain of 210 per cent after April 1, before plunging 10 per cent on Monday, as the People's Daily warned of a repeat of the Wall Street Crash of 1929.

Earlier this year the US stock market received unexpected popular exposure (at least to a male audience) when Playboy magazine ran a cover story on picking successful mutual funds.

A few Cassandras are warning that the current good times will come to an end. Mr Barton Biggs, director of global strategy at Morgan Stanley, the US investment bank, cut the holding of equities in his model portfolio by 15 percentage points this week and shifted funds into cash.

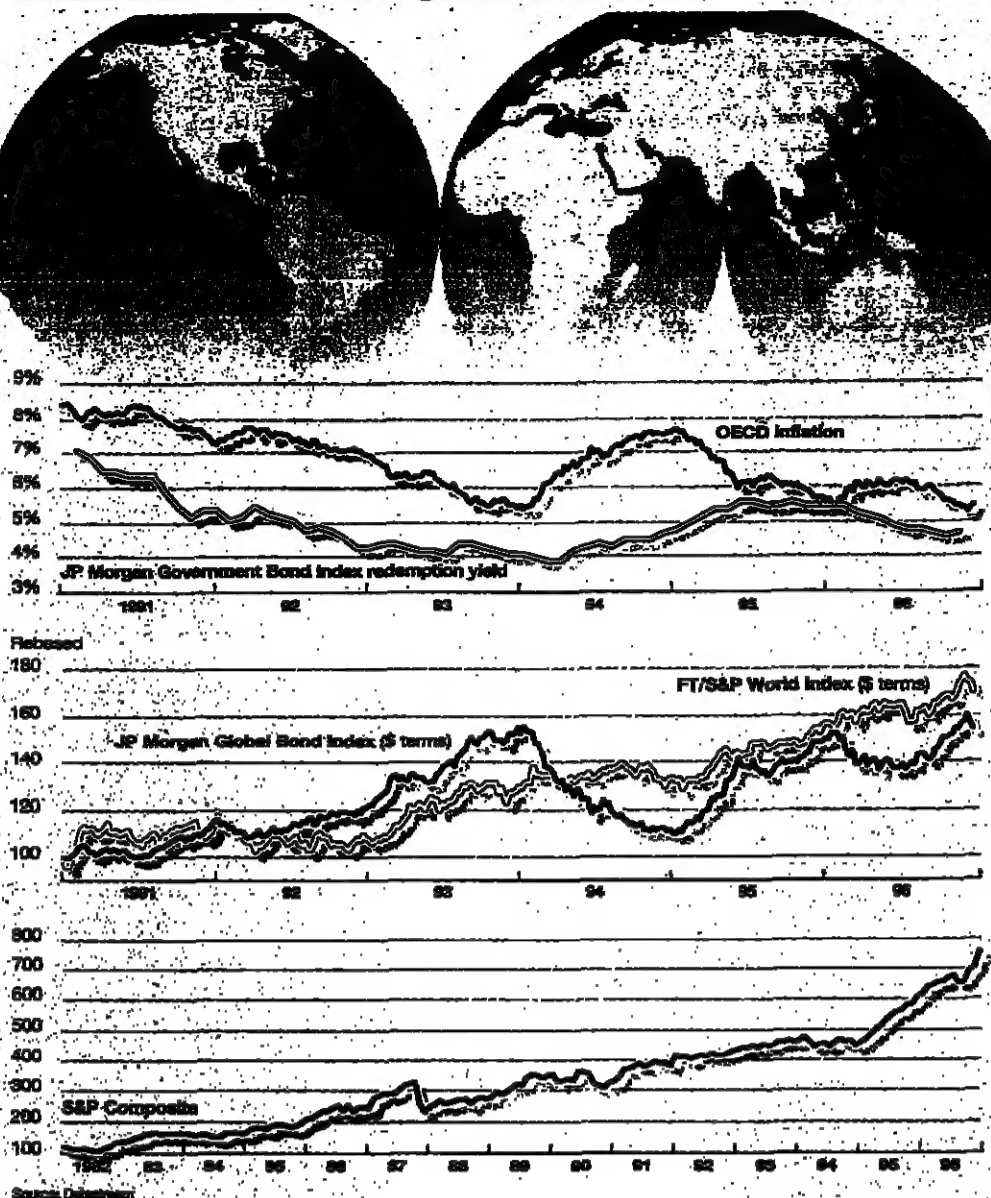
But there are sound economic reasons why stock markets have been riding high, notably the decline in inflation. Since the oil crisis of 1973-74 each successive inflationary surge has peaked at a lower level.

Economists offer varying reasons for this: greater central bank vigilance; labour market reforms which have bolstered the returns on capital at the expense of labour; and the opening up of the global trade system, which has forced industrialised countries to face competition from the developing world. But the results are undeniable.

Inflation in the countries of the Organisation for Economic Co-operation and Development fell from 7.1 per cent in early 1991 to 3.9 per cent in March 1994, rose briefly back to 5.6 per cent in 1995 and then fell again to 4.7 per cent in October this year. In many OECD countries inflation is even lower. In the big Group of Seven (G7) countries it is 2.1 per cent, down from 5 per cent in 1990.

As inflation has subsided, so has the cost of money. Nominal three-month rates in the G7 countries have dipped from 9.2 per cent in 1990 to 6.4 per cent.

## Global markets: are the good times over?



Longer-term rates – bond yields – have also been falling. Global bond yields, as recorded by the JP Morgan Government Bond Index, have dropped from 8.5 per cent in January 1991 to 6.5 per cent (although there was a sharp blip upwards in 1994).

Lower interest rates and bond yields help companies by reducing their borrowing costs and help equity markets by reducing the competing returns from holding bonds and cash. Thus the FT S&P World Index has risen by 68.8 per cent in dollar terms since the start of 1991.

It is not just the past five years which have been good for shares and bonds. A longer-term bull market dates back to 1982, which has seen the Dow Jones Industrial Average rally from under 800 and US Treasury bond yields drop from more than 14 per cent.

In 1982 magazine covers were speculating about the death of equity investment, after a long period of disappointing returns. Investors consequently priced

shares at low multiples of corporate earnings. The historic price/earnings ratio on the S&P 500 in the US was under eight in 1982. It has climbed to over 20 today. At the same time, the  $\frac{y}{e}$  ratio on the FTSE Non-Financials Index in London has doubled from nine to 18.

Over the period, the corporate sector has been able to improve profits with the help of commodity prices which have fallen in real terms, new technology, and flexible labour markets. According to Lehman Brothers after-tax operating margins for the S&P Industrial companies in the US have risen from under 4 per cent in 1982 to 5.5 per cent – although they remain well below their 1950s and 1960s peaks.

The main threat to the global bull market is the possibility of an end to the benign factors which have boosted prices – low inflation, low interest rates and bond yields, and rising corporate profits.

Inflation could be rekindled by

rising commodity prices. Previous commodity scares, notably in 1994, have petered out, but the oil price has been strong this year and a period of co-ordinated global economic growth might push up the prices of other raw materials.

Alternatively, labour market pressures might push up costs, notably in the US and the UK, where unemployment has fallen furthest and the recovery has lasted longest.

Any sign of higher inflation would push up interest rates. The Federal Reserve left US rates unchanged at its meeting this week but Mr Greenspan might push up rates in 1997. When the Fed last started to increase rates in 1994, it had a sharply adverse effect on world bond and shares markets.

Events in Japan could also pose a threat to US interest rates. Japanese interest rates have been kept extremely low as the authorities have desperately tried to revive their economy.

and this has encouraged investors to look overseas for higher returns. In October Japanese investors bought ¥1,670bn (\$14.7bn) of overseas bonds – helping the US fund its trade and budget deficits.

But if rates and bond yields in Japan rise as its economy recovers, interest rates might have to increase in the rest of the world to reflect the smaller inflows from Japanese investors.

Deflation also poses dangers – because of the impact on corporate profits. The US has already enjoyed a long expansion by historical standards and a downturn is overdue. Japan may yet find it impossible to rebound from its slump and Europe may find that the costs of meeting the strict Maastricht criteria for monetary union prevent it from enjoying robust economic growth. But equities are priced on the assumption that earnings will continue to grow – something that worldwide recession might prevent.

Mr Albert Edwards, global strategist at Kleinwort Benson, the UK merchant banking arm of Dresdner Bank, says in the longer term investors "will come to understand that the risk is between inflation and deflation (falling prices), rather than betwixt inflation and disinflation (a falling inflation rate)".

In deflationary times equities tend to suffer in comparison with bonds, which have a fixed nominal value at which they will be repaid. The risk of deflation accordingly may persuade investors to sell equities and buy bonds – as in the 1930s. This will cause bond prices to rise and share prices to fall – sending their yields in the opposite direction.

Before the modern inflationary era, shares yielded more than bonds, to reflect the greater risk of dividend cuts. In the US, at present, bonds yield more than three times as much as shares.

In short, the long bull market has depended on a favourable set of economic and corporate circumstances. While those circumstances might continue next year, Murphy's Law suggests that something, somewhere will go wrong.

"Equity valuations are at sky-high levels," wrote Mr Barton Biggs this week, "and all the good news is already in prices. The cult of equities is too accepted. Reversion to the mean has not been repealed as a basic law of investment life."

"In 66 out of the 95 years in this century, stocks at some point declined at least 10 per cent from the previous year's high. My instinct is very strong that things have just been too good for too long."

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be fixed to +44 171-873 3000, e-mail: letters@ft.com. Letters are also available on the FT web site, <http://www.ft.com>. Translation may be available for letters written in the main international languages.

## Jobs shortage is Peru's real problem

From Mr Ricardo Dorich.

Sir, Your editorial "Peru's problem" (December 18) fails to underline Peru's real problem: lack of job creation. President Alberto Fujimori has indeed tackled hyperinflation and "the economy has enjoyed growth". However, this growth is at the macro level only and has not been reflected in the creation of jobs.

Peru is a country rich in natural resources and is now beginning seriously to capitalise on

them. The signing of the Camisea gas exploration contract earlier this year, which opens the door to one of the largest gas reserves in the world, is an example. However, mining projects are capital intensive and do not create sufficient jobs such as in manufacturing industry. Peru has been quick to adopt the principles of free market forces by liberalising imports and introducing privatisations. While these are healthy foundations for a free market

economy, they do not create jobs. This is exacerbated by population growth, which has one of the highest rates in the world.

Mr Fujimori should now focus his attention on the creation of jobs in the private sector. As long as people are starving, terrorism cannot be abolished.

Ricardo Dorich,  
Hyde House, Hyde Lane,  
Long Sutton,  
Hampshire RG29 1SJ, UK

## Magic of a buy-back

From Mr Ian Kennedy.

Sir, What a pity that Lex ("UK buy-backs, December 12) continues to miss the real point about share buy-backs. In a share buy-back the directors are making an investment on behalf of the shareholders. The magic of an appropriately priced share buy-back is that it enables the directors to address the question of maintaining the appropriate capital structure in a business while making a very low-risk, earnings-enhancing investment on behalf of the shareholders.

The recent tax change has not altered this fundamental proposition – it has merely removed a tax subsidy from a group of investors who apparently no longer wish to continue as shareholders. This emphatically does not constitute a "waste of shareholders' money". Well done Severn Trent and Powergen.

Ian Kennedy,  
Baring Asset Management,  
165 Bishopsgate,  
London EC2M 6XY, UK

## North-south divide in the UK not now so great

From Mr Peter Robinson.

Sir, I was surprised by Stefan Wagstyl's article on the north-south gap ("Nice work if you can get it," December 18) as I was by the European Commission report which appeared to spark the article.

The claim the north-south gap has been getting worse in Britain is just not true. In the mid-1990s regional unemployment rates were more even than at any time in the last 70 years. When measured in terms of disposable

household income per head regional differences have also diminished in the last 10 years. And is the European Commission really claiming the UK has a more uneven pattern of regional development than, say, Italy?

To talk about the north-south gap in Britain is anyway an unhelpful simplification. If Mr Wagstyl had visited Harrogate or Macclesfield "up north" and then contrasted them with Clacton or even Brighton "down south" he would have realised that the pat-

terns of relative affluence and deprivation are far more complex than a focus on any north-south gap would suggest. It is the large conurbations and small industrial and resort towns in the north and the south which face the greatest economic problems.

Peter Robinson,  
Centre for Economic Performance,  
London School of Economics,  
Houghton Street,  
London WC2A 2AE, UK

## Evidence suggests mystery of life is more than mere mythology

From Mr A.M. Sibley.

Sir, Philip Crowe ("The myths that make Christmas," December 14/15), like many modern thinkers, casts doubt on the truth of the Christmas story. It is a shame there are still many people who want to reduce the mysteries of life to mere mythology.

There is strong evidence, however, that the Gospel stories were written while many of the central characters were alive. Mary and

Jesus' brothers, James and Judas, as well as the Apostles were prominent in the early Jerusalem church and would have provided first-hand accounts of the events concerning Jesus' life. They were also willing to die for their authenticity.

And now what about modern myths? Is it really true that billions of US dollars are being spent in a vain search for life on Mars, and all because of a rock

found in Antarctica? The scientific community does not as yet have a credible theory for the spontaneous creation of life on Earth, let alone Mars. Sir Fred Hoyle and Wickramasinghe estimated that the probability of such an event occurring as 1 in 10 to the power of 40,000, an unimaginable figure. Shouldn't we expect scientists to have a credible theory for such an event happening before spending such

large amounts of money? So was Jesus' birth a miracle? Yes, I believe it was, and it would seem that the existence, and the diversity and complexity, of life on Earth is itself a miracle, and a testimony to the power and wisdom of God.

A.M. Sibley,  
53 Hazelwood Drive,  
Verwood,  
Dorset BH31 6YG, UK

Malcolm Ruth  
D



## COMMENT &amp; ANALYSIS

**e-mail to: Santa Claus**  
**Subject: Gizmos and gadgets wish list**

Dear Santa,  
I hope you don't mind me sending you an e-mail wish list this year, but "small mail" to the north pole is so slow and expensive nowadays and you seem like a cool kind of guy.  
By the way, perhaps you could see your way clear to including a new internet package in the Christmas stocking. I particularly like the UUNET Pipex Internet kit which includes a copy of the *Rough Guide to the Internet* as well as software for connecting to Pipex which, as you know, is one of Britain's biggest Internet service providers.  
While we are on the subject of Internet access, could you possibly persuade British Telecom to cut the cost of a high-speed ISDN connection. I think £150 (\$250) upfront and £55 a year in the UK is rather steep.  
Then I will be able to swap my slow old modem communications device for one of those neat ISDN terminal adapters like the Motorola BitSurfer. Perhaps surfing the World Wide Web and downloading complex graphics will then be a little less like watching paint dry. An annual subscription to *Wired* would also be welcome - the magazine is essential for Internet enthusiasts.  
Incidentally, I never thought I would see the day when modems became fashion items, but I see Psion Datacom has a guy in a wetsuit modelling its new

brightly coloured lozenge-shaped high speed modem, which also features personal voicemail.

Useful stocking fillers now the kids are growing up would be a couple of pagers - the ones that send real messages and not just numbers. Perhaps you could throw in a couple of those trendy "bungee" ropes to keep them firmly attached to suitable belts.

Another mobile phone would also come in handy - Motorola's StarTac phone may be the smallest and lightest digital phone in the world, but still packs a bundle of cool features. But perhaps you might find in your workshop a spare Nokia 9000 Communicator which, as well as operating as a portable telephone virtually anywhere in the world, can send and receive e-mail and faxes and browse the Web.

While it lacks such sophisticated wireless communications facilities, Psion's Sienna pocket PC is also rather neat. With pocket PCs based on Microsoft Windows CE about to hit the shops, there is likely to be an explosion in software for handheld computers.

I suspect you will already be out of the US Robotics Pilot, the shirt-pocket sized personal digital assistant which includes an electronic diary, address book and note-pad - and can hook up directly to a desktop PC to back-up and share data.

My friends in California tell me they are flying off the store shelves. Nevertheless, for working on the move, it is difficult to beat

# Stocking up with wizardry



Electronic stocking-fillers: (left to right) the Pilot from US Robotics, Toshiba's Portégé 650CT sub-notebook, and Psion Datacom's modems

the old notebook PC. It would be good to find one of the new Pentium-based multimedia notebooks like Dell's Latitude XPICD under the tree, or Sharp's new WideNote widescreen machine, the PC-W100T.

If they are still too bulky to squeeze down the chimney, I hear both International Business Machines and Toshiba have launched snazzy new sub-notebook machines in Japan. Perhaps while you are there you could ask Nintendo when the Nintendo 64 games machine and Mario 64 game will be launched in Europe - I hear it is a hot item in Japan and North America.

Meanwhile, Nintendo's rejuvenated sleek and silver Pocket Gameboy would be a welcome gift. A Sony PlayStation, preferably with a copy of the Crash Bandicoot 3D game, would occupy the kids on Boxing Day.

But it looks like the video games makers could face some real competition in 1997 from the PC and CD-Rom software vendors. I read that Intel, the US chipmaker, is about to launch a new microprocessor called the Pentium MMX which will bring much faster and higher quality graphics, video and games to the PC and tie in with Microsoft's new Direct 3D software standard.

There may not be many 3D games around yet, but 3D technology looks really hot and I see Microsoft is launching nine titles this Christmas. Perhaps you had better add Microsoft's Monster Truck Madness, Deadly Tide and Hellbender to the list.

On CD-Roms, Red Alert from Virgin, FIFA 97, Tomb Raider and Formula One are all very popular. As an intellectual counterbalance perhaps you should throw in the latest version of Microsoft Encarta.  
The hard disc on my home PC is already creaking under the weight of all the free software and graphics the kids have down-

loaded off the Net. So how about an Imaga 1 gigabyte Jaz Drive - this takes removable 1gb cartridges offering a remedy for those irritating "disc full" messages.

On the subject of computer peripherals, the new low-cost colour inkjet printers from makers such as Epson, Canon and Hewlett-Packard are worth a look. Ahead of the arrival of digital video discs which will enable me to play movies on my PC, a recordable CD-Rom drive could also come in handy for data storage and distribution.  
This looks to be the year to get into digital photography and

imaging. Among the manufacturers to launch digital cameras are Casio and Kodak. The latter's DC20 and DC25 cameras are particularly neat and come with software which enables you to send photo e-mails and print calendars and greeting cards.

Kodak's new Photo Scanner would also come in useful for clearing out shoeboxes of old snaps and storing them on my hard disc. The even snazzier PaperPort Keyboard combines a keyboard and scanner unit with excellent software.

Outside the home a GPS (Global Positioning System) unit like the Magellan 2000 could come in handy when I get lost on the M25: one of those in-car Trafficmaster units might help me miss the jams.

Finally, I quite fancy one of those night-vision scopes which enable people to see in the dark. Perhaps you could use one too on Christmas Eve to avoid hold-ups in the increasingly congested skies.

All the best.

Paul Taylor

You can e-mail your Christmas list to Santa on the Net at <http://www.christmas.com> or <http://www.santaclaus.com>.

Other Santa-related Web sites include:

- The North Pole - <http://north.pole.org>
- Santa Claus' Home Page - <http://www.cadvision.com/north-pole/>
- Santa's Workshop <http://home1.gte.net/santa/>
- Where is Santa Claus? - <http://www.learnr.com/santa/>

There will be protests and passion this afternoon outside the drab headquarters of the Xinhua news agency in Hong Kong. Demonstrators will march to the headquarters of China's de facto embassy to condemn Beijing's plans to scrap the territory's elected legislature and install its own body to be selected today.

"Without an elected legislature there will be no defence for the rule of law," says Mr Yeung Sum, vice-chairman of the Democratic party, the largest group in the Legislative Council.

But a few minutes away, in the shopping malls of Causeway Bay, much bigger crowds will be battling for bargains. Their spending should give an extra boost to retail sales, now reviving after the slump of 1994-95.

They will also be signalling business as usual as Hong Kong marks its last Christmas under the British flag.

The divergent messages reflect the mix of moods as the territory enters its final phase under British sovereignty. Most believe business will continue to buzz after the handover at midnight on June 30 1997. But few expect Hong Kong's political and social institutions to remain unchallenged.

For the moment, optimism appears to hold sway. "Most of the 6m people are confident," says Mr Tung Chee-hwa, shipping tycoon and chief executive designate.

## Tale of two cities

Business confidence is strong ahead of Hong Kong's return to China but political concerns remain, says John Ridding

As the next governor, he has a vested interest in dispelling doubts. But, as he points out, the dire predictions of the 1980s that forecast exodus and capital flight have been left far behind. Emigration has slowed, the population is expanding steadily and Hong Kong dollar bank accounts continue to grow - both as a proportion of total deposits and in absolute terms.

"We have been through some shocks, like Tiananmen and the Sino-British disputes, and we have proved very resilient," says Mr Tsang Yok-sing, a headmaster of the pro-British Democratic Alliance for the Betterment of Hong Kong.

Certainly there is little evidence of anxiety. When a crowd has gathered in recent weeks, it has been more likely to be eager flat-hunters than political demonstrators. This month, thousands flocked to King's Park Villa, an upmarket residential development on the Kowloon peninsula. Last weekend, around 50,000 people visited Sino Land's Dynasty View show flats in the New Territories, where 28 units were being offered at HK\$4,900 (\$633) a square foot.

The clamour, along with signs of speculation, has prompted the government to study measures to cool the resurgent residential market. For Mr Donald Tsang, the territory's financial secretary, the main concern is not how to support the economy through the transition, but how to prevent it from overheating.

Confidence seems similarly evident in the stock market, which has surged by about 30 per cent since January. Most market analysts predict this year's gain, one of the biggest in Asia, will be followed by a further rise.

Most believe business will still buzz after the handover but few expect Hong Kong's institutions to remain unchallenged

ahead of the handover. "Party time again," says Merrill Lynch, which believes the Hang Seng stock market index could rise well above 15,000, compared with 13,151 yesterday.

Businessmen are also optimistic. "Most companies have long been looking beyond 1997 to the opportunities on the mainland," says Mr Henry Tang, chairman of the Hong Kong Federation of Industries.

Jardine Matheson, one of the territory's oldest trading groups, is similarly upbeat. The company dismisses the idea that its prospects will be damaged by its colonial associations and its role in the 19th century opium trade which led to Britain's acquisition of Hong Kong.

"We can't rewrite our history. We have to look to the future," says Mr Alasdair Morrison, managing director. "We are absolutely confident we will be in as good a position to develop our business as anyone else."

He rejects concerns that Hong Kong's role as a regional business centre might be taken over by Singapore or Shanghai, citing the territory's rapid shift from a manufacturing to a service economy as evidence

of its ability to adjust.

For many in Hong Kong, however, the veneer of confidence conceals social and political anxiety. "There are mixed feelings," says Mr Tsang of the pro-British Democratic Alliance for the Betterment of Hong Kong. "I don't think people would like to see the British administration continue, but there are fears that the lifestyle here will change."

Corruption is a growing worry, according to Professor Michael de Golyer of Baptist University. He regularly surveys public attitudes towards the handover and says anxiety over corruption reflects broader misgivings about the nature of government after July 1997, such as expectations of greater secrecy and less accountability. He believes the formation of the provisional legislature, which was selected by a narrow electoral college, helps explain such sentiments.

Other fears centre on freedom of expression and the risk of a gradual erosion of Hong Kong's institutions. "We are already seeing self-censorship in some publications," says the editor of one daily newspaper. "Criticism of China is harder to find,

and there is a lot more emphasis on trust, co-operation and patriotism."

The Reverend Chu Yiu-ming of the Chai Wan Baptist Church frets about religious freedoms, although Beijing's constitution for the territory decrees there will be no change. It has also promised to uphold freedom of procession and demonstration, though that has not prevented Mr Qian Qichen, China's foreign minister, from warning that no commemoration of the 1989 killings in Tiananmen Square will be allowed.

"There will be a giant leap backwards in social and political freedoms," says Ms Emily Lau, the independent legislator.

For her the mood at the moment is one of resignation and a realisation that the die is cast. "Maybe some are under the illusion that everything will be alright," she says. "We are in for a nasty shock."

Ms Lau paints a starker picture than most. "People have been predicting the collapse of Hong Kong for a long time, but it hasn't happened," she says. "We are a member of the Beijing-appointed committee overseeing the transition. He predicts strong support for the handover celebrations he is helping to organise."

It will be unlike any event that Hong Kong has staged, he says. But unlike other parties, spirits are tempered by the prospect of the mornings after.

## Rising price of fine words

When Andrew Wylie, the tough US literary agent, negotiated the deal for Martin Amis's last novel, *Leviathan*, he was not alone. The author's long-standing publisher, became a publisher in fashion. But publishers chose to think otherwise.

Literary novelists have also benefited from inflated advances. Last summer Salman Rushdie sold the world rights to his forthcoming novel, *The Ground Beneath Her Feet*, to Henry Holt, the US publisher, for £1.3m. And Faber reportedly paid a substantial advance for Kazuo Ishiguro's *The Unconquered* after *The Remains of the Day* sold 70,000 hardbacks.

Moreover, the least glamorous, but arguably most lucrative part of the Amis contract is the provision for Cape to retain paperback rights to all his books. Until

Mr Dan Franklin, Cape's editorial director, claims to be confident of breaking even on the deal. "Certainly not in one year, but maybe in five or 10," he says. His competitors claim Cape was so desperate to win back its star writer it was bullied into overpaying by Wylie.

If the Amis deal is analysed purely in terms of what the four novels will earn, it looks excessive. Recent bestsellers such as Sebastian Faulks' *Bridgong* novel, *Jackie Robinson's* *Beloved* and *The Remains of the Day* have sold well, with 500,000 and 360,000 paperback copies respectively.

And Martin Amis is one of the best known names in literary fiction - not least because the gossip columns regularly feature details of his private life, such as his large dentistry bills and the discovery that he had a daughter by a former lover.

But Amis's previous bestseller *London Fields*, which sold 40,000 copies in paperback and 300,000 in hardback, has not done as well. *The Information*, his most recent novel, fared less well, selling 30,000 hardbacks and 85,000 paperbacks.

Cape hopes it can revive sales by marketing Martin Amis's work more efficiently than HarperCollins. Yet even if the next four novels sell as well as *London Fields*, they are unlikely to justify a £1m deal.

However, signing an author of Amis's standing has an indirect commercial benefit for a publisher, by enhancing its reputation among consumers and booksellers.

"A high quality list helps, particularly with retailers," says Mr Tim Hely Hutchinson, chief executive of the Hodder Headline publishing group. "It makes them like to listen to what your reps have to say."

This explains why publishing is prone to periodic bouts of inflation in the advances paid to critically acclaimed authors. The success of Richard Ellmann's 1987 *Oscar Wilde* - which sold more than 100,000 copies in hardback - prompted publishers to pay generous advances for other literary biographies. Victoria Glendinning received £200,000 for her biography of Anthony Trollope and Michael Holroyd £225,000

for three volumes on George Bernard Shaw.

"Hope springs eternal in publishers' breasts," says Mr Hely Hutchinson. "Oscar Wilde sold because of the sex and jokes, not because literary biographies were barely in fashion. But publishers chose to think otherwise."

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## Malcolm Rutherford on how minority governments can cling on in the UK

### Down but not yet out

At 311, Noes 310." That brief note in the UK parliamentary record - which is also the opening sentence of Margaret Thatcher's book *The Downing Street Years* - marked a turning point in British politics.

The date was March 28 1979. For the first time since 1924 a British government had been defeated and forced to go to the country on a confidence vote brought by the opposition. Although few predicted it at the time, it was the prelude to at least 17 years of Tory rule.

Now, as then, the government has lost its overall majority in the House of Commons and must call a general election some time before the end of May. But depositing a minority government can be a messy, uncertain business, as the Conservatives found in the run-up to 1978.

The Labour government of 1974-79 was the first British administration this century to slip from majority to minority, yet to remain in office for a full five-session parliament. Constitutionally it could have gone on until October 1979 if the opposition had not pulled the plug.

Tony Benn, then a Labour cabinet minister, noted in his diary for March 26 1979 - two days before the crucial vote - that an eminent psephologist had dropped in to see him that morning. "He thinks," Mr Benn wrote, "that the election is quite open. His guess is that if Thatcher loses, Francis Pym will be leader of the Conservative party and he will favour PR [proportional representation]." The psephologist, Mr Benn concluded,

"could see the whole of British politics being reshaped" - as indeed it was, though not in the way predicted.

But it is never easy to get a government out before its term is up unless it feels bold enough to make a run for it. In the late 1970s, the Tories failed with two no confidence motions before the successful attempt in March 1979.

On several occasions the government was defeated on serious matters - such as the attempt to impose sanctions on Ford for breaching the government's pay guidelines in December 1978 - but survived a confidence vote the next day.

The trick for minority governments is to keep their nominal supporters in line by persuading them an alternative government would be even worse, while offering enough to the smaller parties to maintain their votes.

The first part is relatively easy. Almost all members of the mainstream political parties vote for their own side on a matter of confidence whatever they get up at other times. For example, John Major used a confidence vote to ratify the Maastricht treaty in July 1993, after a series of defeats imposed by Eurosceptic Tory MPs.

Keeping the smaller parties in line is much harder because they know they can demand a price. The weaker a government becomes, the greater the price they ask.

In the decisive vote of March 1979, the Tories were both lucky and clever. The



Callaghan (left) felt in 1979 that nothing would deter the public from voting for Thatcher



original motion of no confidence was tabled by the Scottish Nationalists (SNP) after the referendum on Scottish devolution on March 1 had failed to produce a sufficient vote in favour. The SNP was angry at the government's reluctance to proceed.

The Tories then put down their own confidence motion, knowing the SNP would look foolish if it did not support it. They also knew by then that the centrist Liberals were seeking an early general election. That left the Welsh Nationalists and, more important, the Northern Irish MPs who between them could have saved the government, at least for a few more months.

The three Welsh Nationalists were bought off with a promise, subsequently fulfilled, of compensation for lung diseases suffered by slate quarrymen. James Cal-

laghan, the prime minister, represented a Welsh constituency and understood the problem.

The Irish, of whom there were 12, would probably have supported the government if it had pledged to build a gas pipeline from England to Northern Ireland - but Mr Callaghan demurred. Nevertheless, the government had its eyes on two non-Unionist Irish MPs in particular: Gerry Fitz, the member of the mainly Catholic Social and Democratic Labour party who had previously supported Labour; and Frank Maguire, the Independent Member for Fermanagh and South Tyrone.

On the eve of the vote, Mr Fitz tried to talk to Michael Foot, the deputy prime minister, about his concerns over a proposed increase in the number of Ulster constituencies that would favour the unionists. But Mr Foot

was away at a by-election in Liverpool, and Mr Fitz voted against the government.

There was still Mr Maguire. He was reputedly detained in the Labour Whip's office and plied with Guinness to prevent him leaving the building. Mr Benn's diary records that Roy Hattersley, the prices secretary, was said to have given Mr Maguire three bottles of whisky and offered an inquiry into food prices in Northern Ireland to gain his support.

Whatever the real story, in the end Mr Maguire did not vote. If he had supported the government, the result would have been a tie and the Speaker would have been obliged to rule in the government's favour.

One Labour MP could have produced the same result, had he been present. That was Sir Alfred Broughton, a Yorkshire member

who was seriously ill. Normally, he could have been taken to the Commons in an ambulance and "nodded through" the vote. But Mr Callaghan ruled that out on the grounds of humanity. Sir Alfred died a few days later.

As we now know from his memoirs and other sources, the prime minister had already decided a general election was inevitable and there was no point in trying to cling on for a few more months. Lord Donoughue, one of his senior advisers, recalled Mr Callaghan saying before the 1979 election: "You know there are times, perhaps every 30 years, when there is a sea-change in politics. It does not matter what you say or do. There is a shift in what the public wants and what it approves of. I suspect that there is now such a sea-change - and it is for Mrs Thatcher."

But even then, it was still not easy for the Tories to get Labour out before time - and impossible without the support of the smaller parties.

When Mrs Thatcher won the general election in May 1979, Mr Benn wrote in his diary: "I have the freedom now to speak my mind, and this is probably the beginning of the most constructive period of my life. I am one of the few ex-ministers who enjoys opposition and I intend to take full advantage of it."

Some Tory ministers may think like that today, but it can take a long time to get back. As late as 1993 Lady Thatcher suggested in her memoirs that there might never be a Labour government again.



now those rights have been licensed to Penguin, as Cape did not have a paperback imprint when it first signed Martin Amis in the 1970s.

But publishers such as Cape have been creating or expanding paperback imprints in recent years. It has now become standard practice to negotiate joint hardback and paperback deals with new authors and try to buy back the paperback rights of existing writers.

"In the old days publishers were guilty of taking authors for granted, because they stayed with them for ever," says Mr Martin Lee, marketing director of Waterstone's, the bookselling chain. "Now they have to work harder at keeping their authors, by rejacketing and reprinting their backlists."

Mr Franklin claims clinching the paperback rights to Martin Amis's backlist was "the key" to this week's deal, and that it forms part of Cape's policy of securing all the rights to its authors' work.

"There's no question that we wanted Martin back, but that wasn't why we did the deal," says Mr Franklin. "We did it because, in the long term, we expect to make money from it."

Alice Rawsthorn







## UNIT TRUSTS

## WINNERS AND LOSERS

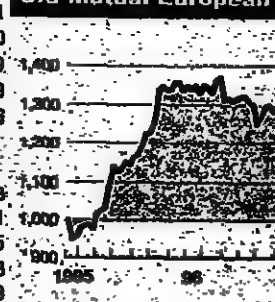
## TOP FIVE OVER 1 YEAR

Johnson Fry Sider Growth	1,361
Jupiter European	1,340
Barclays UK Smaller Companies	1,330
NorthWest UK Smaller Cos	1,299
Old Mutual European	1,278

## BOTTOM FIVE OVER 1 YEAR

Save & Prosper Korea	553
Baring Korea	501
Old Mutual Thailand Acc	495
Schroder Seoul	418
Save & Prosper Southern Africa	363

## Old Mutual European



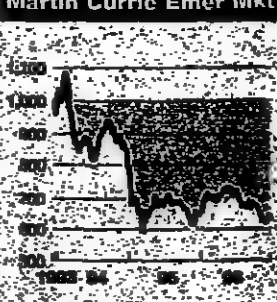
## TOP FIVE OVER 3 YEARS

Hill Samuel US Smaller Cos	2,015
Profit Technology	1,988
Barclays UK Smaller Companies	1,971
Jupiter European	1,739
Laurence Keen Smaller Cos	1,776

## BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	425
Schroder Seoul	367
Save & Prosper Far East Sm Cos	361
Barclays PS Emerging Markets	309
Barclays Pacific Emerging Markets	299

## Martin Currie Emer Mkt



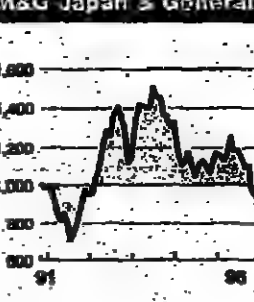
## TOP FIVE OVER 5 YEARS

Profit Technology	4,177
Barclays American Emer Gth	4,048
HSBC Hong Kong Growth	4,006
GT Orient Acc	3,681
Potential American Smaller Cos	3,513

## BOTTOM FIVE OVER 5 YEARS

Friends Prov Japanese Sm Cos	555
Schroder Japan Growth	587
Barclays UK Japan Inc	587
Fidelity Japan Smaller Cos	516
HSBC Japan & Global Acc	533

## M&amp;G Japan &amp; General



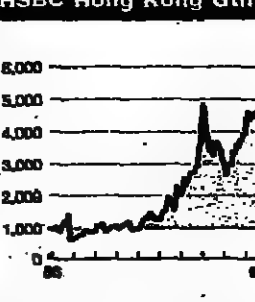
## TOP FIVE OVER 10 YEARS

Hill Samuel US Smaller Cos	6,392
Barclays American Emer Gth	5,681
Profit Technology	5,583
F&C US Small Companies	5,423
HSBC Hong Kong Growth	5,305

## BOTTOM FIVE OVER 10 YEARS

Barclays UK Japan Inc	716
Mercury Japan	779
M&G Japan & General Acc	619
Waverley Australian Gold	625
Capel-Care Japan & Gen Inc	515

## HSBC Hong Kong Gth



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

## Indices

Average Unit Trust	1074	1135	1244	2167	3.5	2.2
Average Investment Trust	1074	1135	1244	2167	3.5	2.2
Barr	1033	1110	1228	2000	3.0	2.3
Building Society	1033	1110	1228	2000	3.0	2.3
Stockmarket: FTSE All-Share	1152	1227	1305	2358	3.3	2.4
Inflation	1027	1037	1108	1541	1.0	0.0

## UK Growth

Jupiter UK Growth	1132	1338	2758	-	3.7	1.8
Johnson Fry Sider Growth	1461	1582	3400	-	3.9	0.5
River & Mercantile 1st Growth	1161	1322	-	-	3.3	1.4
Credit Suisse Fellowship Inc	1130	1317	-	-	3.6	1.1
Sanwell UK Growth	1148	1408	2040	-	3.6	1.8
SECTOR AVERAGE	1081	1246	1888	2633	3.5	1.9

## UK Growth &amp; Income

GAM UK Diversified Inc	1068	1372	1928	-	4.0	2.0
Perpetual Income	1079	1324	2373	3165	3.2	2.9
Mercury UK Equity	1088	1318	2101	3792	3.4	2.4
Lazard UK Income & Growth	1075	1309	1927	2923	3.4	3.2
MAMPI Income Dist	1074	1306	-	-	3.6	3.2
SECTOR AVERAGE	1088	1187	1808	2794	3.4	2.9

## UK Smaller Companies

Barclays UK Smaller Companies	1338	1641	2188	2867	3.8	0.2
Laurence Keen Smaller Cos	1217	1778	-	-	3.4	1.2
AES Smaller Companies	1174	1705	2282	-	3.5	0.9
INVESTCO UK Smaller Companies	1182	1698	2417	2760	4.5	1.3
Credit Suisse Smaller Cos Inc	1108	1616	2251	4080	3.7	0.8
SECTOR AVERAGE	1090	1310	1927	2857	3.5	1.5

## UK Equity Income

Jupiter Income	1180	1561	2883	-	3.4	4.2
GT Income	1129	1384	2449	3757	3.4	4.0
BWD UK Equity Income	1139	1377	2051	2570	3.4	3.9
River & Mercantile 1st Income	1060	1365	2040	-	3.4	4.2
Lazard UK Income	1113	1330	2068	3552	3.3	5.0
SECTOR AVERAGE	1089	1159	1828	2806	3.3	4.7

## UK Equity &amp; Bond Income

Profit Extra Income	1076	1258	1963	2885	3.0	4.5
Baillie Gifford Conv & Genest	986	1188	2110	3234	3.0	5.2
N&P Higher Income	1089	1170	2015	3161	3.0	4.2
CU PPT High Yield	1065	1143	1886	2871	3.4	5.8
Barclays High Distribution	1048	1136	1823	2318	3.7	4.5
SECTOR AVERAGE	1034	1085	1718	2380	3.3	5.5

## UK Eq &amp; Bd

BWD Balanced Portfolio	1118	1423	2182	-	3.7	1.3
NPI UK Extra Income Inc	1064	1294	2174	-	3.0	2.9
Perpetual High Income	1088	1272	2330	-	2.9	3.5
Credit Suisse High Income Port	1048	1244	2209	-	3.1	4.2
Canille Income Dis	1089	1182	1828	2486	2.8	3.7
SECTOR AVERAGE	1055	1180	1911	2744	3.1	3.5

## Gift &amp; Fixed Interest

Abstract Fixed Interest	1107	1191	2080	2635	3.4	9.0
Thornhill Preference Inc	1032	1168	1788	2381	1.9	8.6
Britannia Gift & Fixed Int Inc	1004	1161	1332	-	1.7	8.3
Henderson Preference & Bond	1050	1128	1590	2250	1.6	8.3
Franklin Convertible	1038	1124	1728	2392	2.5	5.1
SECTOR AVERAGE	1012	1098	1439	2158	2.0	8.7

## International Equity Income

Marin Currie Int'l Income	1023	1125	2085	-	3.1	8.4
GT International Income	966	1123	1887	2597	2.8	3.0
M&G International Income	1007	1117	1850	2499	2.8	4.8
Mayflower Global Income	965	1099	1804	1859	3.1	4.3
GEM Dolphin Int'l Gth & Income	1008	1082	1771	1957	3.0	2.8
SECTOR AVERAGE	1008	1085	1809	2167	2.9	3.8

## International Fixed Interest

Barclays Int'l European Bond Inc	1043	1120	-	-	1.3	6.1
Baring Global Bond	1016	1086	1899	-	1.7	6.2
Old Mutual Worldwide Bond Inc	985	1065	1433	-	2.1	5.0
Mercury Global Bond Acc	971	1058	1502	-	1.7	5.3
Thornhill Diversified Europe Bond	929	1045	-	-	1.7	5.0
SECTOR AVERAGE	989	987	1386	1988	2.0	5.3

## International Equity &amp; Bond

Bank of Ireland Ex Mgd Growth	1080	1282	1970	-	2.7	3.0
NPI Worldwide Income Inc	1044	1230	1820	-	2.9	1.4
Cazenove Portfolio	1032	1217	1887	-	2.6	1.8
Fleming General Opportunities	1002	1194	-	-	3.2	4.1
GEM Dolphin Int'l Gth & Income	1008	1082	1771	1957	3.0	2.8
SECTOR AVERAGE	1019	1105	1686	2338	2.7	2.6

## International Growth

Profit Technology	1004	1589	4177	5553	6.1	-
Franklin Health	1008	1684	3212	-	6.8	-
Henderson Global Technology	945	1647	2845	4762	5.7	-
Scott Equitable Technology	1037	1488	2408	4108	4.3	0.8
Britannia Int'l Spec Opp's Acc	1131	1402	2720	-	4.4	-
SECTOR AVERAGE	985	1104	1618	2265	5.6	1.1

## Nth America

Hill Samuel US Smaller Cos	1200	2016	3279	6392	5.2	-
PM North America Growth	1044	1765	3311	4205	4.6	-
Edinburgh N American	1133	1681	3024	3233	3.3	0.8
Friends Prov American Sm Cos	1045	1680	3105	3510	6.3	-
Barclays American Emer Gth	1185	1658	4049	5881	5.8	-
SECTOR AVERAGE	1047	1338	2280	2840	5.7	0.5

## Europe

Jupiter European	1240	1788	2947	-	3.5	0.8
Baring Europe Select	1240	1742	2557	2548	3.8	0.8
INVESTCO European Small Cos	1232	1848	2891	2535	3.5	-
Barclays European Sm Cos	1083	1822	2804	2573	3.0	-
INVESTCO European Growth	1224	1810	2828	2505	3.5	-
SECTOR AVERAGE	1072	1292	2019	2236	3.1	0.9

## Japan

Hill Samuel Japan Technology	997	1078	1448	1832	4.4	-
F&C Anglo Japan Exempt	817	1038	1240	1843	6.0	-
Martin Currie Japan	877	1002	1303	-	5.2	-
NadWest Japan Acc	820	980	-	-	5.8	-
Old Mutual Japan Inc	864	983	1291	1134	5.0	-
SECTOR AVERAGE	788	892	1136	1321	5.4	0.2

## Far East Inc Japan

United Friendly Far Eastern	994	1022	1779	-	3.9	0.7
GAM Far East Inc	875	993	1863	-	4.8	-
Perpetual Far East Growth	898	985	2484	3254	4.8	0.8
Abstract Pacific	944	979	2258	3501	4.8	0.3
Friends Prov Pacific Basin	983	973	1782	-	4.7	-
SECTOR AVERAGE	914	983	1816	2200	5.1	0.7

## Far East ex Japan

Old Mutual New Zealand	1043	1187	2817	-	4.8	2.0
HSBC Hong Kong Growth	1275	1172	4005	5305	8.5	1.0
Friends Prov Australia	999	1157	2008	5083	6.2	-
Henderson Exempt Pacific	1015	1037	2413	2809	5.5	0.9
F&C South East Asia Exempt	1005	1035	2293	4155	4.8	1.4
SECTOR AVERAGE	988	883	2435	3811	6.7	0.6

## Commodity &amp; Energy

M&G Australasia & General Acc	1185	1340	2204	1928	6.1	2.0
M&G Commodity & General	1001	1220	2336	2613	5.1	0.2
Waverley Australasian Gold	895	1143	2030	526	10.4	-
Save & Prosper Gold & Expt'n	1089	1058	2382	1582	8.9	-
Hill Samuel Natural Resources	911	1008	1914	2113	5.5	0.4
SECTOR AVERAGE	970	1043	2174	1838	6.8	0.5

## Best Peps

Barclays UK Smaller Companies	1338	1641	2188	-	3.8	0.2
Jupiter European	1340	1788	2947	-	3.5	0.8
AES Smaller Companies	1174	1705	2282	-	3.5	0.9
INVESTCO UK Smaller Companies	1182	1698	2417	-	4.5	1.3
INVESTCO European Small Cos	1232	1848	2891	-	3.5	-
SECTOR AVERAGE	1080	1212	1880	-	3.2	3.0

## Money Mkt

Newmont Cash Acc	1044	1138	1270	-	0.2	5.3
Midland Money Market	1044	1138	1280	-	0.2	5.0
M&G Treasury	1045	1135	-	-	0.1	5.7
CU Deposit	1013	1210	1294	-	0.0	5.2
Mercury Cash Acc	1045	1132	1267	-	0.1	5.5
SECTOR AVERAGE	1038	1123	1247	-	0.1	5.2

## Investment Trust Units

Quilter Investment Trusts Inc	1089	1234	2237	-	3.7	0.8
Quilter High Inc Inv Trst Acc	1089	1172	-	-	3.3	3.7
Equitable Trust of Invest Trst	1051	1149	2196	3258	3.6	1.2
Singer & Friedlander In Trst PEP	1084	1128	-	-	2.9	2.5
M&G Fund of Investment Trusts	1025	1116	2010	3044	3.9	1.9
SECTOR AVERAGE	1011	1090	1986	2586	3.8	2.3

## Fund of Funds

Morgan Grenfell Managed Inc	1041	1246	2017	-	2.5	2.0
Fidelity Moneybuilder	1026	1229	2058	-	3.0	-
Britannia Managed Port'lo Inc	1088	1218	2131	-	3.4	1.5
Portfolio Fund of Funds	1013	1210	2076	-	2.8	0.8
Schroder Managed Bal Acc Inc	1052	1203	1807	-		







**ET MANAGED FUNDS SERVICE**

### Authorized and Insurances

● FT Cyteline Unit Trust Prices are available over the telephone. Call the FT Cyteline Help Desk on 1-44 171 873 4378 for more details.

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**FT MANAGED FUNDS SERVICE**

Page 15

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● **NOTES**  
Gross Contractual rate of interest payable and  
taking account of the deduction of bank rate  
insurance fee  
Net Rate of interest payable after allowing for  
deduction of bank rate insurance fee  
Gross CAR: Gross rate accounted in table  
in word of "unrounding of interest paid after"







**FT MANAGED FUNDS SERVICE**

Yield	250°C	300°C	350°C	400°C
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## WORLD STOCK MARKETS

## Dow ahead after volatile morning Financials in the van as Stockholm soars

Restructuring is paying off, writes Greg McIvor

## AMERICAS

US shares were mixed at midsession. Blue chips continued the rally which began on Thursday, while technology issues fell victim to a bout of profit-taking, writes Lisa Branson in New York.

The Dow Jones Industrial Average jumped more than 75 points almost immediately after the opening, but it then gave back some of those gains; by 1 pm it was up 36.14 at 6,509.78. The Standard & Poor's 500 also jumped at the open before retreating; by 1 pm it was 4.92 stronger at 750.68. At that point, NYSE volume of 436m shares was on course to set a new record.

Technology shares were mostly lower after the rally this week that put the Nasdaq composite, weighted

toward that sector, in reach of its record high by Thursday's close. In early afternoon trading the Nasdaq was off 5.78 at 1,290.08 and the Pacific Stock Exchange technology index was 0.7 per cent lower.

Analysts attributed both the heavy volume and the market volatility to activity related to the expiry of options and future on shares and share indices known as "triple witching".

The most active shares on the Big Board included Coca-Cola, up 1% at \$52.4, Merck, 1% stronger at \$82.4, and Compaq Computer, which shed 1% at \$76.4.

Gains on the Dow were restrained by a drop of 2% at \$15.74 at IBM, the computer group which came as investors took profits from technology shares across the

market. Some of yesterday's weakest technology shares on the Nasdaq were the large capitalisation issues that had led the recent rally. Intel, for example, lost 2% at \$38.5, Dell Computer gave up \$2.47 at \$55.5, and Gateway 2000 shed 1% at \$38.5.

Investors clobbered smaller companies that warned they would not meet analysts' expectations of their quarterly profits. Arterial Vascular Engineering, which makes devices used in heart bypass operations, tumbled 7% or 43 per cent to \$9.4. Dendrite International, a software company, dropped 11% or 59 per cent at \$8.4, and Redbook Ale Brewery lost 4% or 32 per cent at \$2.4.

TORONTO continued to move ahead but trading was relatively subdued after the previous day's dramatic 167 point advance. At noon, the 300 composite index was up 3.32 at 5,347.62.

Consumer products were the strongest individual sector, helped by good demand for Seagram which gained CSI to C\$4.90. Alcan Aluminium put on 30 cents to C\$46.70 and Canadian Pacific gained a similar amount to C\$36.10.

Banks, which turned in the best sector performance on Thursday, suffered profit-taking. Royal Bank of Canada came off 5 cents to C\$47.45.

LIMA rebounded 1.5 per cent as the government adopted a tough stance against the Marxist guerrillas holding nearly 400 hostages in worsening health. By midsession, the general

index was 20.2 higher at 1,363.5.

SANTIAGO moved ahead steadily through the morning with the market driven mostly by good demand for the Endesa power plant giant which announced the purchase of a Colombian electricity operation.

At midsession, the SASE Select index was 0.6 higher at \$8.89 with Endesa, which accounts for around 20 per cent of the index weighting, moving ahead from the start.

CARACAS also made a strong start with the BCB index putting on 1.5 per cent at midsession, rising 94.01 to \$24.54.

BUENOS AIRES ran into profit-taking after Thursday's 1.9 per cent rise and, by midsession, the Merval index was 3.49 weaker at \$22.81.

investors in Swedish equities will have fond memories of 1996. Stockholm, alongside its Nordic cousins in Helsinki, Oslo and Copenhagen, has been one of the strongest performers among established European bourses this year.

The Affarsvärlden general index has surged 36 per cent this year - its best showing in recent years. Among the top performers, banking and finance stocks have gained 44 per cent on expectations of a substantial restructuring of the sector. The consolidation got under way this month after Svenska Handelsbanken outbid Skandia, the leading Nordic insurer, for Stadshypotek, Sweden's biggest mortgage bank. The SKR22.9bn cash bid set the scene for further deals in 1997.

Nordbanken, the partly state-owned bank, viewed by the market as a potential merger target for Skandia, has been the sector's leading performer. Its shares have jumped 81 per cent, helped by a SKR5bn buyback of shares from the state in September which pushed up earnings per share and return on capital.

Cyclical stocks have also moved ahead, in spite of big drops in profits for many leading Swedish exporters this year, due to slack European demand and a stronger krona. The gains were driven by hopes of a pick-up in economic activity in the world economy next year.

Atlas Copco, the engineering group, has progressed from SKR101 at the turn of the year to SKR187. Sandvik, another big Swedish engineering concern, has posted a similar gain.

Property stocks have recovered after a deep and prolonged recession dating back to 1990. A sign of the market's returning health was the listing by three Swedish banks of their property companies. These were spun off to shareholders, helping to boost liquidity in the property market. Ana-

lysts predict falling property yields, rising rents and declining vacancy rates next year.

The year's star performer was Hennes & Mauritz, the fast-growing retail clothes chain. H & M briefly broke through the SKR1,000 mark this autumn, from SKR928 yesterday, up 151 per cent on the start of the year. The shares were at SKR928 yesterday, up 151 per cent on the start of the year. The shares were at SKR928 yesterday, up 151 per cent on the start of the year.

Underpinning the overall strong showing of the market has been low interest rates. Sweden's central bank, the Riksbank, has cut its key repurchase rate 25 times this year, lowering it from 8.51 per cent to 4.1 per cent. This has given equities an added attraction over bonds and boosted liquidity, enabling the market to shrug off a slight decline in the proportion of foreign turnover, from 34 per cent last year to 33 per cent of total volume.

Investors' attention has focused on existing stocks because initial public offerings have been conspicuously few. The only large offering was of a 55 per cent stake in Scania, the heavy trucks group, by investor, the main investment arm of the Wallenberg family. Since the listing, in Stockholm and New York, the shares have fallen well below the SKR190 offer price. Scania's profits outlook has been hit by the French truck drivers' strike and production problems relating to its new 4-series truck. The shares yesterday were trading at SKR184.

What of prospects for 1997? Mr Christian Dittmar, Scandinavian analyst at Paribas Capital Markets in London, believes growing inflationary pressures later in the year will put upward pressure on interest rates. He sees higher bond yields restraining equities growth from the second quarter.

"I believe we have seen most of the cuts in the [Riksbank's] repo rate. Inflation can't stay where it is now and there is a pent-up demand for higher consumption," he says.

per cent on rapid, acquisition-led growth.

Asstra and Ericsson, the pharmaceuticals and telecommunications groups which are the bourse's two most active stocks, have experienced differing fortunes. Ericsson shares have surged from SKR128.50 to SKR205.80 amid a continuing bullish outlook for its mobile telecommunications operations.

Asstra, one of the top growth stocks of recent years, has turned in a relatively unimpressive showing. It has gained 34 per cent, just ahead of the chemicals and pharmaceuticals index. The pharmaceuticals index, Pharmacia & Upjohn, the Swedish-US drugs group formed in a 1985 merger, its shares have fallen sharply in the past three months following two profit warnings.

Forestry stocks underperformed the market as an expected upswing in pulp prices failed to gather momentum. Market weak-

ness is such that recent pulp price increases flagged by some producers this month may have to be withdrawn.

With most of the large forestry companies warning, at best, a slow recovery in prices next year, sentiment appears set to remain guarded in the short term, analysts say.

Sweden's equity market has been a relative underdog in the past few years, but it has shown signs of life in recent months. The Swedish stock market has been a relative underdog in the past few years, but it has shown signs of life in recent months.

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## Drugs stocks enliven Paris bourse

## EUROPE

Heavy activity in drugs shares made for a lively session in PARIS where the CAC 40 index drove higher for the third day running to close up 29.83 at 2,278.53.

Sanofi, Roussel-Uclaf and Rhône-Poulenc all featured in the day's top seven best performing stocks, Sanofi gaining FF131 or 6.3 per cent to FF172.50 for a two-day advance of more than 13 per cent. Eli-Aquitaine, which put its 68 per cent stake in Sanofi up for sale on Thursday and sparked the current round of drugs sector takeover talk, added FF18.40 to FF74.74.

Rhône-Poulenc and L'Oréal, seen as the leading French contenders to acquire Sanofi, rose FF9.80 or 5.8 per cent to FF177.50, and FF74.5 to FF192.25 respectively. Roussel rose FF8.20 or 5.7 per cent to FF152.50 as dealings restarted following last week's news that Hoechst of Germany planned to acquire the outstanding minority.

Carmakers suffered on Renault, off 3 per cent on Thursday, fell a further FF13.10 or 2.9 per cent to FF104.10.

FRANKFURT, for a time, seemed to have broken out of the underperformance of the previous two days but it closed a percentage point below its best with the Dax index just 10.71 higher at an this-indicated 2,855.54.

Prices were moved both ways by the expiry of quarterly and monthly contracts on the German futures and options exchange, the DTF. Turnover, reflecting this, soared from DM9.2bn to DM35.2bn. Siemens, by far the most active stock, but a serious underperformer over

the past seven months, rose only 11 ppts to DM71.07 as it traded in DM7.7bn.

Some recent outperformers fared no better: each of the big three chemicals fell on the day and Hoechst, the best of them over the past eighteen months, lost DM1.17 or 1.6 per cent to DM70.07. There was a sug-

gestion of profit taking here, especially as in carmakers, put forward as a prospect for 1997, BMW rose DM20.50 or 2 per cent to DM104.50.

AMSTERDAM continued to track Wall Street and the dollar, the AEX index gaining 7.15 at 632.71 for a three-day advance of more than 3 per cent.

CSM jumped F18.90 or 4.3 per cent to F194.50 on a US bakery acquisition: Fortis Amer rose F1.00 to F168.80 on the agreement selling the purchase of Meese-Person from AER Amro.

ZURICH heard CS Holding say that it would report a net loss in 1996 of around SF2.1bn, as a result of switching to a new loss-provisioning method.

The shares held steady at SF187 but, said analyst, only after the bank bought its own shares to

the day was 804.49.

SYDNEY closed sharply higher in brisk trade with strong overnight gains on Wall Street and improved base metal prices boosting sentiment. The All Ordinaries index gained 45.1 to 2,873.2. Turnover rose to A\$1.74bn, partly swollen by option expiries.

Brokers said that the BHP interim results added spark to the market, which moved ahead on a broad front. BHP rose 45 cents or 2.5 per cent to A\$17.45 and Woodside put on 28 cents to A\$8.85.

SEATTLE was reassured by rumours that pension funds were buying cheap, heavily weighted large-cap shares, and the composite index gained 9.90 to 700.87.

BOMBAY was cheered by hopes that the Congress Party would be able to regroup following the resignation of the former prime minister, Mr P V Narasimha Rao, as chief of the party's parliamentary team. The BSE-30 index rose 74.38 to 3,110.3 on broad buying and short-covering.

OSAKA, the OSE average fell 28.97 to 20,099.64 in volume of 54.2m shares.

BANGKOK continued to hit new lows but there were signs of bargain hunting late in the session and losses were pared. At the close, the SET index was off 15.51 or 1.9 per cent at 819.9, a 61 month low. The worst of

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## FTSE Actuarial Share Indices

FTSE Actuaries Share Indices										
Dec 20	THE EUROPEAN SERIES									
Hourly changes	Open	10.00	11.00	12.00	13.00	14.00	15.00	Close		
FTSE Eurotrack100	1882.04	1883.07	1884.26	1885.22	1885.64	1889.95	1887.77	1888.23		
FTSE Eurotrack200	1940.92	1943.02	1943.25	1946.04	1947.26	1945.70	1946.22	1946.08		



## LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is now delivered by Easys, part of Financial Times Information.

Details relate to those securities not included in the FT Share Information Services.

The prices are those at which the business was done in the 26 hours up to 3.15pm on Thursday. They are not in order of execution but in ascending order which denotes the day's highest and lowest trades.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

# Bargains at special prices. \* Bargains done the previous day.

## British Funds, etc

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## Corporation and County Stocks

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## UK Public Bonds

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## Sterling Issues by Overseas Borrowers

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Financial Times.  
World Business Newspaper.

## New Year illuminations.

A Review of 1996: December 31.

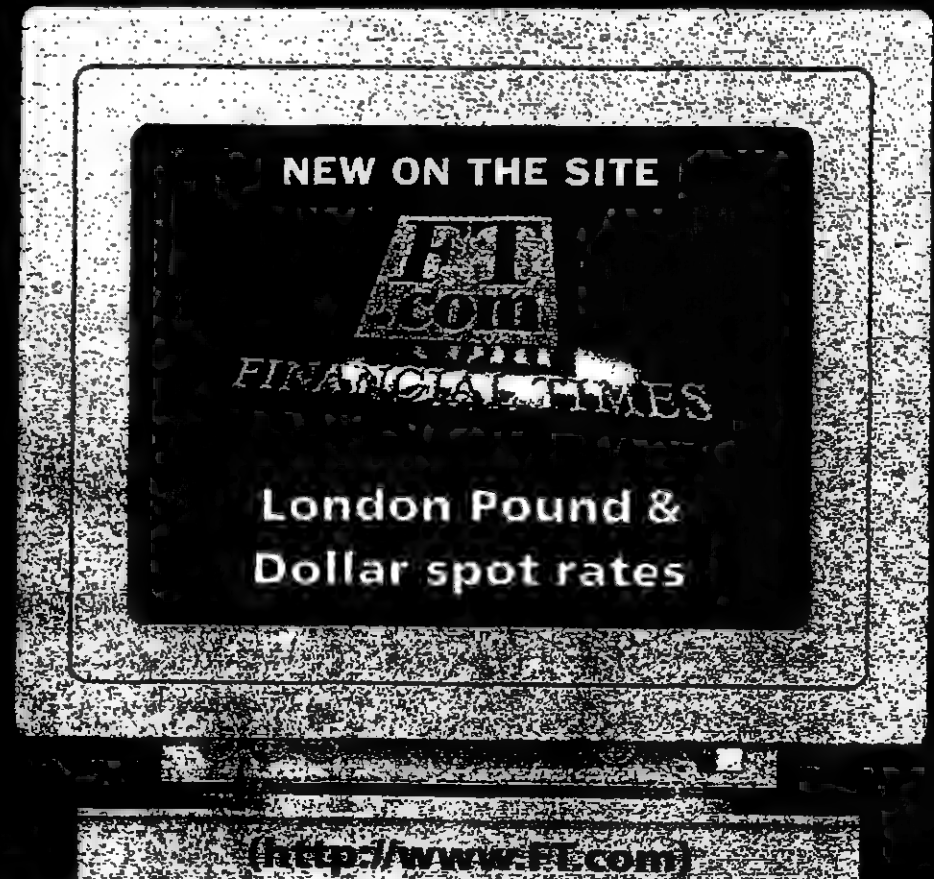
A Preview of the Arts in 1997: January 4.

A Calendar of Major Events in 1997: January 6.

An Analysis of Global Industries: January 7.

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# FINANCIAL TIMES

Weekend December 21/December 22 1996

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**LAWYERS FOR BUSINESS**

## Fujimori writes to Clinton as captives' living conditions deteriorate

### Peru's president pledges to protect hostages in Lima

By Sally Bowen in Lima and news agencies

President Alberto Fujimori of Peru pledged to protect the lives of 380 hostages held by leftwing guerrillas in the Japanese ambassador's residence in Lima as evidence emerged yesterday of deteriorating living conditions inside the compound.

Mr Fujimori, who has made no public comment since the residence was seized on Tuesday evening, made the promise in a letter to US president Bill Clinton.

He said he was seeking "to achieve a solution as soon as possible to this crisis, the principal objective being the safeguarding of the health and life of those who are inside".

A handwritten placard displayed from a window at the residence called for water, electricity and telephone services to be reconnected. A second placard said: "Urgent, government, let NHK [the Japanese state television channel] come in." Counter-terrorist police, however, refused to allow journalists to enter the cordoned-off area.

There were suggestions of tension between Peru and Japan on the approach to be taken to the crisis. The Jiji news agency in Tokyo quoted the chief government spokesman, Mr Seiroku Kajiyama, as saying there was a "considerable difference between the views of Japan and Peru". Foreign ministry officials later denied this was the case.

Meanwhile, the hostages - all men since the release late on Tuesday of women captives - have been sleeping on the floor in cramped conditions and living on a sparse diet. More deliveries of food and water were made yesterday.

written messages were passed between the hostages and their families, and a Red Cross representative was trying to negotiate clean clothing and portable toilets.

Mr Anthony Vincent, Canadian ambassador in Lima and one of five senior diplomats released on Tuesday, has emerged as a central figure in the negotiations with the 20 or so guerrillas from the Marxist Tupac Amaru Revolutionary Movement. The guerrillas have said they want to talk to Mr Fujimori and will begin killing hostages if their comrades are not released from Peruvian jails.

Mr Vincent met Mr Yukihiko Ikeda, Japanese foreign minister, yesterday. There were some expectations he would visit the Callao naval base where Mr Victor Polay, MRTA founder leader, is imprisoned.

Mr Ikeda had arrived in Lima on Thursday evening, with a delegation of 20 diplomats and 90 other officials, and went almost immediately to meet Mr Fujimori and Mr Alberto Pandolfi, prime minister.

Any decision to storm the residence would require authorisation from Tokyo since under international law it is Japanese soil.

Japan has traditionally favoured a softer approach to negotiation with terrorists than Mr Fujimori. Reuters, however, reported the government as saying an emergency cabinet meeting had agreed "not to accept the demand to release any terrorists held in Peru's jails".

Teams from all over the world have arrived in Lima to help with negotiations. The US sent a group "to advise the ambassador".

## Fishing quotas

Continued from Page 1

agreed when it joined the EU in 1995.

The ministers agreed a quota for North sea sole of 15,000, a rise on the Commission's 12,000 tonnes which would have meant a 50 per cent cut in the catch.

One of the biggest battles was over the allocation of rights to cod, herring, sprat and salmon in the Baltic. A re-allocation had to be agreed because Sweden and Finland's bilateral accords with Estonia, Latvia and Lithuania have ended following their accession to the EU. A deal involving Germany, Denmark, Finland and Sweden was agreed. Mr Tony Baldry, UK fisheries minister, claimed a victory after British catch quotas for next year were kept within a fraction of 1996 levels.

## Clinton cabinet

Continued from Page 1

remaining as Treasury secretary, and Mr Gene Sperling, new assistant for economic affairs.

Their appointments had suggested the new administration might tilt towards a more conservative economic policy, with greater emphasis on budget deficit reduction and an avowedly bipartisan approach to domestic policy.

But the appointments of Mr Cuomo, Ms Herman and Mr Peña will be seen as a nod towards a more liberal approach. Mr Cuomo is a rising star in the administration whose credentials as a well-connected, liberal-minded Democrat are unchallenged.

## BNL alliance is favourite in Banco di Napoli bid

By John Simkins in Milan

Banca Nazionale del Lavoro and its partner Istituto Nazionale Assicurazioni emerged as the favourite candidates to buy a 60 per cent stake in the troubled Banco di Napoli when bids closed last night.

Under the rules of the auction, however, the chances of Mediocredito Centrale, the medium and long-term credit institution which presented the only other offer for the Italian Treasury's holding, cannot be ruled out.

The auction, which is part of a restructuring plan for Banco di Napoli, failed to attract any of the three overseas organisations which expressed interest in the tender process earlier. The narrow field underlines the lack of credibility of the Italian banking system which has suffered from political interference and poor profits.

Mediocredito Centrale was the only institution to commit itself to make an offer earlier this month and, as such, will earn the right to try again if its bid is lower than that of

## Two offers received for 60% stake in troubled bank

BNL/Ina. The Treasury, advised by Rothschild Italia, must announce the highest bid by January 20. Mediocredito Centrale, if it has made the lower bid, will then have five days to match the offer and clinch the deal.

The eventual purchaser will have at least two months to conduct a "due diligence" investigation of Banco di Napoli's accounts and will have the right to revise its offer.

According to the Italian press, Mediocredito Centrale has so far failed to find a partner in its bid. As it is 100 per cent government-owned, the Treasury could stand accused of not achieving a genuine privatisation if Mediocredito Centrale were to gain control of Banco di Napoli on its own. A successful purchase by BNL/Ina would produce a powerful banking alliance combining the branches of Banco di Napoli, which is strong in southern Italy with an 18 per cent share of retail banking, with those of BNL, which focuses on central Italy and the north.

The partnership might also make more attractive an eventual privatisation of BNL. Currently, 86 per cent of its shares carrying voting rights are held by the Treasury. For the recently privatised Ina, the deal would provide access to a banking network for its insurance products.

The winner is expected to have to find fresh capital for Banco di Napoli. The bank's estimated loss of about L1,600bn (\$1,050bn) in 1996 will use up much of a L2,000bn capital injection authorised by the Treasury this week.

The Treasury was criticised by Mr Karel Van Miert, the European Union competition commissioner, for allowing the capital increase without awaiting approval from Brussels, which has been concerned this might infringe state aid rules.

## CS Holding expects \$1.6bn loss in 1996

Continued from Page 1

economic stagnation in Switzerland. Swiss Bank Corporation, the smallest of the three, has already announced a SFr3.5bn charge, while Union Bank of Switzerland is planning a SFr4.4bn charge.

UBS is the only one of the three to have openly admitted

it made serious mistakes in its lending policy. SBC and CS have responded to the need for extra charges by changing their loan loss provisioning policy.

CS is following SBC and switching to a method where it sets its annual provisions according to a statistically expected credit loss rather

than actual defaults. As actual losses will be higher or lower than the expected amount, it is establishing a SFr2bn fluctuation reserve, or incremental credit reserve, as a cushion.

CS will charge SFr1.55bn of the cost of its SFr2bn incremental credit reserve to the profit and loss account.

## THE LEX COLUMN

### Tokyo tightens

Spare a thought for the Japanese government. With a budget deficit around 8 per cent of gross domestic product and government debt approaching 100 per cent of GDP, it naturally wants to improve its finances. But the economy also desperately needs to grow if the banking sector is to be relieved of the dead-weight of bad debts. By announcing plans to tighten fiscal policy next year for the first time this decade, the government has bet that it can have its cake and eat it - cut borrowing without jeopardising the fragile recovery.

It is a big gamble. What little economic growth there has been over the past two years has been dependent on government efforts to pump-prime the economy; monetary stimulation has been ineffective in boosting demand. Now the government is hoping the private sector will take up the growth baton. Whether it can bear the burden is doubtful. Government projections that the economy will grow by about 2 1/2 per cent next year are a full percentage point higher than the Organisation for Economic Co-operation and Development's forecast. If its sums are wrong, the consequences could be grave.

There is also the international angle: the US, in particular, would like to see Japan buy more of its goods. But a deflationary budget risks having the opposite effect. If Japan's trade surplus with the US balloons again, it will re-ignite old trade frictions. Of course, the government may lack the nerve to go through with yesterday's plans; otherwise, it will need to be both savvy and fortunate if what might be bravery does not come to be seen purely as foolishness.

## Sports goods

The time was when sports goods companies were cottage industries, known only to that happy band who enjoyed getting out of puff during their spare time. No longer. Now names such as Nike, Adidas and Reebok are among the most powerful consumer brands around. They are also very substantial businesses - Nike, for example, has a market capitalisation of more than \$11bn.

The shift from sports goods to leisure brands reflects both healthier lifestyles and the advent of sportswear as fashion. Acquiring street credibility has allowed names like Nike and Fila to sell to much larger markets than simply sports

## FTSE Eurotrack 200:

1937.8 (+11.2)

Sports goods performance



participants. But the real impetus behind the sector's growth in recent years has come from a powerful blend of television, celebrity and fashion. TV provides huge publicity. But for a brand to acquire real sales potential it also needs endorsement by a celebrity player. If icons of popular culture like Madonna or the Gallagher brothers of Oasis add further, voluntary endorsement, the message becomes more powerful still.

All this is much less true of hardware manufacturers - a tennis racket has a far smaller potential market than a pair of shoes. Equipment manufacturers are faced with a further problem: stagnant markets in sports such as golf, skiing and tennis. Success is possible in these circumstances - witness Callaway Golf, which has grown to a market capitalisation of over \$2bn in around six years. But it requires an outstanding technical or design innovation - oversize metal woods in the case of Callaway, or parabolic skis.

However, technical innovation alone is not enough. If innovation is to be profitable, it must appeal to the recreational user rather than the professional. Another way to make money is to respond quickly: fast sports like roller-blading and snowboarding enjoyed phenomenal growth off negligible bases. But only those who saw the trend early made outstanding returns.

Investors may worry whether companies like Nike and Callaway can maintain their strong growth records. One way they can is through attacking new markets, both in terms of geography and choice of sport. Nike's \$200m-400m sponsorship of the Brazilian football

team, for example, is an aggressive attempt to muscle in on the football market, currently dominated by Adidas. Another option is to capitalise on a sport such as rugby, whose commercial potential is still in its infancy following the recent switch to the professional code.

Many of these sports stocks have rewarded investors handsomely this year. But their susceptibility to fashion still leaves them looking high-risk. Fila and Adidas remain salutary tales of how speedy the fall from favour can be; but their subsequent rehabilitation also shows that strong brands can bounce back. Fashionable apparel stocks clearly have greater growth potential than pure equipment companies; but even here the brilliant innovation will always command rewards.

## UK textiles

With countless woolly jumpers and frilly knickers being sold in the run-up to Christmas, Britain's textile manufacturers should be on a roll. Yet this allegedly cyclical sector has conspicuously failed to cycle; despite buoyant consumer markets, the underperformance of textile stocks has been unremitting. This week's profit warnings were just the latest to unstick the market's threadbare confidence.

As always, there are one-off excuses. But the underlying pattern is clear: retailers have simply been snipping margins down to ever finer levels. Part of the reason is that low inflation has constrained their own freedom to increase prices. But just as important has been competition from cheaper imported goods.

Still, the gloom should not be overdone. What remains of Britain's textile industry is not simply letting itself be competed into oblivion. Heavy cost-cutting is under way; indeed, part of the explanation for this year's gruesome results is heavy restructuring costs and associated disruption. Together with growing offshore production, these factors should help to stabilise margins - even without the price increases that one manufacturer, Claremont Garments, yesterday said it was finally beginning to see.

Moreover, the stocks are certainly cheap; the sector is trading at an average of less than 10 times next year's earnings and a prospective yield of more than 7 per cent. Value investors should be thinking of including some in their Christmas stockings.

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For details call 0171 538 6005.

Sources: BPA 1995 British Business Survey  
1995 April - September 1995  
1995 December 1995 - November 1996

The Daily Telegraph

# motoring

Every Saturday in the Weekend section

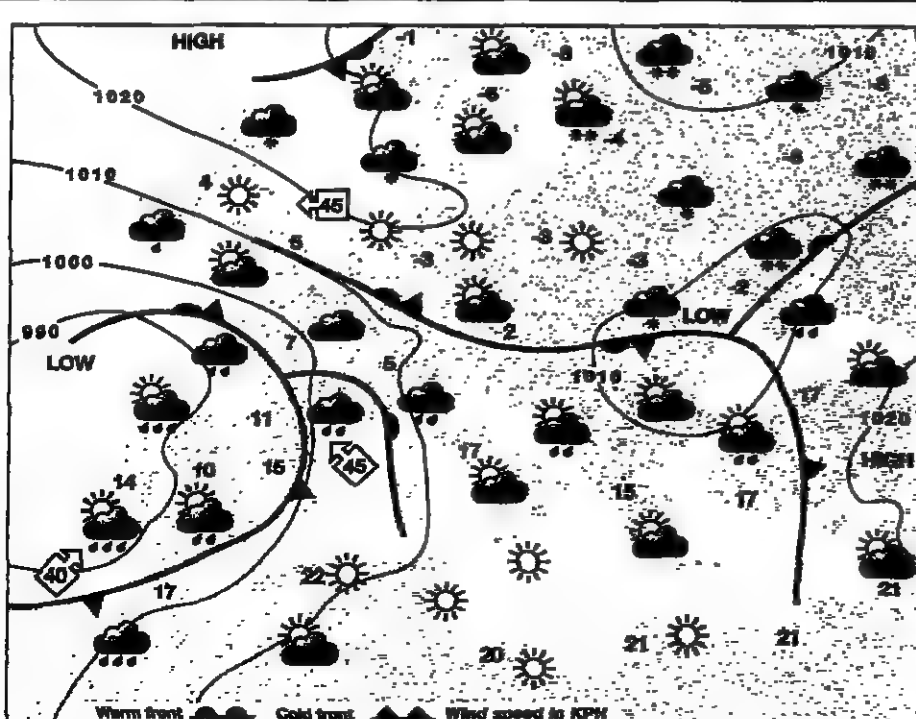
## FT WEATHER GUIDE

### Europe today

An easterly flow will bring cold air to the Benelux, Germany and Poland, with temperatures below freezing. Northern regions will be sunny. Belgium and southern Germany will have cloud. The UK will also turn dry and colder, but with temperatures above freezing. France and the Alps will have cloud and patches of rain. The Ukraine will have snow. Southern Europe will turn mild. The Iberian peninsula will have showers. Southern Italy and Greece will be sunny. Some showers are also expected in Turkey.

### Five-day forecast

North and north-western Europe will continue cold and mainly dry. The south will be mild. Along the boundary, in France and the Alps, there will be cloud and patches of rain. The Iberian peninsula will turn dry, and Italy and south-eastern Europe will become unsettled.



### TODAY'S TEMPERATURES

Abu Dhabi	sun 25	fair 30
Accra	sun 25	fair 30
Algiers	sun 22	fair 28
Amsterdam	sun 17	fair 20
Athens	sun 17	fair 20
Bahia	sun 25	fair 30
B. Aires	sun 25	fair 30
Bham	sun 25	fair 30
Bangkok	sun 25	fair 30
Barcelona	sun 25	fair 30
Cape Town	sun 25	fair 30

Situation at 12 GMT. Temperatures minimum for day. Forecasts by Meteo Consult of the Netherlands

Cardiff	sun 25	fair 30
Cebu	sun 25	fair 30
Chicago	sun 25	fair 30
Cologne	sun 25	fair 30
Dakar	sun 25	fair 30
Dallas	sun 25	fair 30
Delft	sun 25	fair 30
Dubai	sun 25	fair 30
Dublin	sun 25	fair 30
Dubrovnik	sun 25	fair 30
Edinburgh	sun 25	fair 30
Faro	sun 25	fair 30
Frankfurt	sun 25	fair 30
Geneva	sun 25	fair 30
Glasgow	sun 25	fair 30
Hamburg	sun 25	fair 30
Helsinki	sun 25	fair 30
Hong Kong	sun 25	fair 30
Honolulu	sun 25	fair 30
Istanbul	sun 25	fair 30
Jakarta	sun 25	fair 30
Jersey	sun 25	fair 30
Karachi	sun 25	fair 30
Kuala Lumpur	sun 25	fair 30
La Paz	sun 25	fair 30
Las Palmas	sun 25	fair 30
Lima	sun 25	fair 30
Lisbon	sun 25	fair 30
London	sun 25	fair 30
Luxembourg	sun 25	fair 30
Lyon	sun 25	fair 30
Madeira	sun 25	fair 30
Madrid	sun 25	fair 30
Manila	sun 25	fair 30
Marseille	sun 25	fair 30
Mexico City	sun 25	fair 30
Miami	sun 25	fair 30
Montreal	sun 25	fair 30
Moscow	sun 25	fair 30
Mumbai	sun 25	fair 30
Nairobi	sun 25	fair 30
Naples	sun 25	fair 30
Nassau	sun 25	fair 30
New York	sun 25	fair 30
Nice	sun 25	fair 30
Nicosia	sun 25	fair 30
Osaka	sun 25	fair 30
Paris	sun 25	fair 30
Perth	sun 25	fair 30
Prague	sun 25	fair 30
Rangoon	sun 25	fair 30
Reykjavik	sun 25	fair 30
Rio	sun 25	fair 30
Rome	sun 25	fair 30
S. Francisco	sun 25	fair 30
Seoul	sun 25	fair 30
Singapore	sun 25	fair 30
Stockholm	sun 25	fair 30
Strasbourg	sun 25	fair 30
Sydney	sun 25	fair 30
Taipei	sun 25	fair 30
Tel Aviv	sun 25	fair 30
Tokyo	sun 25	fair 30
Toronto	sun 25	fair 30
Vancouver	sun 25	fair 30
Verona	sun 25	fair 30
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Washington	sun 25	fair 30
Wellington	sun 25	fair 30
Wien	sun 25	fair 30
Zurich	sun 25	fair 30

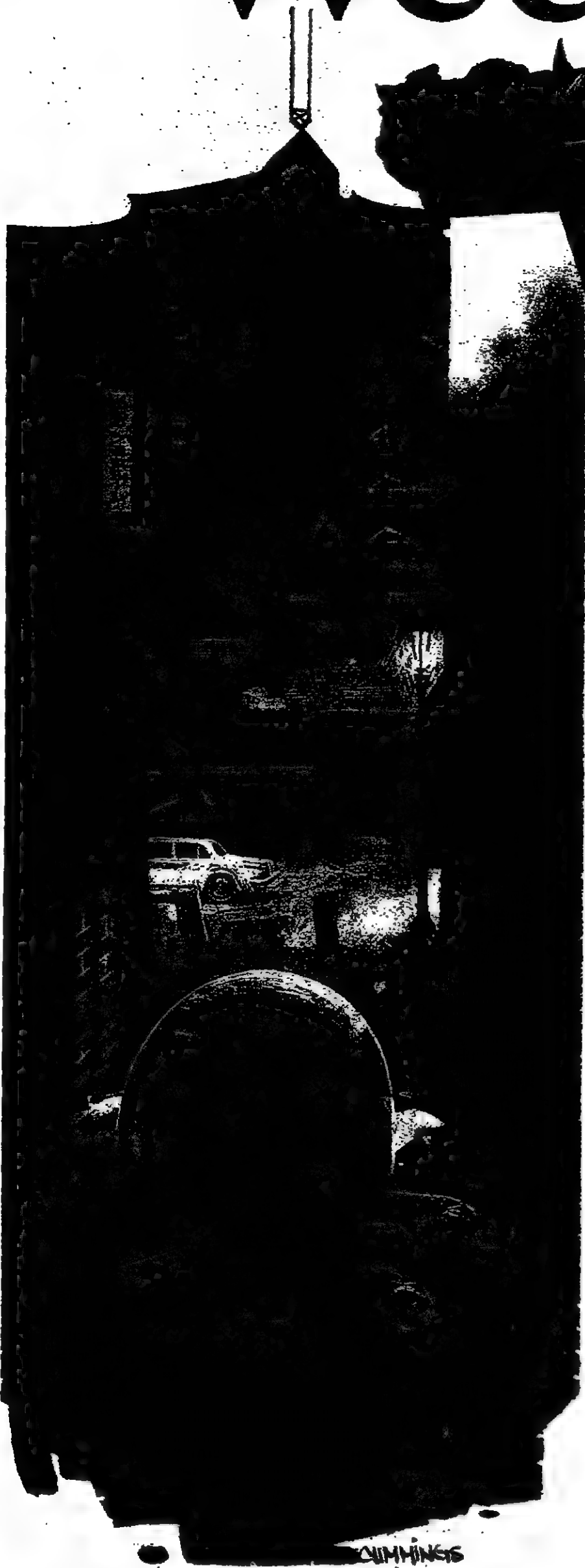
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# Weekend FT



Charlie was late for the most important meeting of the year, and there was no one to blame but Alain Juppé. French industrial unrest was stylish, festive even, but nonetheless effective for that.

Thanks to the "day of action", it took Charlie an hour to get through the Champs-Élysées, time mostly spent shouting into a mobile phone over the noise of sirens, haggling with airline people and staking out a new position in Swedish bonds.

The chanting Parisian demonstrators milled around the stranded cars. One unfurled banner caught Charlie's eye. "Vive le Metro Français". That had to be something to do with Samwo putting in a bid for the new subway line. Crowd control was a Korean specialty. Maybe Samwo should bid for that franchise too.

For a moment, Charlie considered getting out of the taxi and spending the day shopping. Protesting and shopping, both were worthy causes in the days before Christmas.

But this was a meeting that simply couldn't be missed. The investors waiting in Geneva had the power to make a mess of the fund management team and the bank.

Times were tough enough at Berwick Brothers anyway. There was still talk of a German takeover and the demise of London's last independent merchant bank, and you couldn't walk into a pub in the City without jokes about Bryan Filles. The bank's foreign exchange manager had been in the middle of developing some high-resolution part on the bank's intranet when the Bank of England hiked interest rates. In a matter of seconds £3m had evaporated from the balance sheet.

Worse still, somebody leaked the story to the press.

The mobile rang. It was Natasha, Charlie's assistant. She had found a flight via Milan. "My Italian friend will do everything," she said in her husky Russian accent.

"But there is the question of price," Charlie said. "How much?" said Charlie. Natasha produced a number that would have bought a long weekend at the George V hotel.

Charlie gave a little cough of surprise.

**A thriller in five parts by Peter Tasker, author of Silent Thunder and Buddha Kiss. He is also Japan strategist for Dresdner Kleinwort Benson. His tale of murder and greed continues on Monday, Tuesday and Friday, with a tantalising climax next Saturday. You can play a part in the final chapter by entering our competition - see Page II**

"Market forces, darling," purred Natasha. A sophisticated, highly literate woman, but she still had difficulty in distinguishing capitalism from crime.

Three Swiss, a German, and a Swede, all middle-aged, well-tanned and properly fed, giving out the aura of wealth like a force-field. They were waiting in an oak-paneled room overlooking the slate-grey waters of

**Natasha's voice sounded smaller than usual: 'Are you sitting down? Something has happened. It's Piers.'**

Lake Geneva. The Alps were towering in the distance.

On skiing holidays, Charlie found that view exhilarating. Now it just looked cold, inhospitable. Somewhere up there in the ice a 5,000 year old man had been found, perfectly preserved in his hunting clothes.

Perhaps, thought Charlie, in another 2,000 years an underperforming fund manager might be found in similar circumstances - clutching a briefcase and pocket calculator.

That cheap one-liner about preferring to invest in a Belgian ostrich rather than a premature Renu had raised a chuckle even in Edinburgh, but it wouldn't be used today.

These people found nothing funny in the idea of losing money. And making money - which Charlie had been doing on their behalf for the past three years - was a cause for grim satisfaction, rather than celebration.

After setting up her laptop, Charlie ran through the

presentation: "Gentlemen, we at Berwick Brothers take our role as your fund manager very seriously. Money is not something that..."

The grumbling bit came afterwards with the questions. "Your results are creditable once more, but the underlying philosophy is open to question. Why, for example, do you persist with this aggressive short selling?"

That was the German speaking, and for emphasis, waving his spectacles like Herbert von Karajan conducting the Berlin Philharmonic.

"Because that's where the opportunities are," answered Charlie briskly. "The tendency to overvalue assets is far more common than the tendency to undervalue them."

"Your shorts in Olivetti and Eurotunnel both worked well," continued the German, tapping his spectacles on the desk. "But this spread play between French and German bonds - it's losing money. Why do you assume that monetary union will be delayed?"

"We don't assume that. We just assume that you're not being sufficiently rewarded for assuming it does take place."

"But this is no longer a question of economics. It is a question of political discipline."

"You make an excellent point there," said Charlie smiling sweetly. A 38-year-old woman would always have to listen respectfully to the opinions of a 58-year-old customer. Even if she had taken a first in PPE at Balliol, had studied under Alan Blinder at Princeton, and was one of the top performing fund managers in Europe. Such was life.

There was a knock at the door. "Entrez s'il vous plait," said Charlie.

It was the manager of the hotel. He was carrying an ornately decorated telephone on a silver tray. "A call for Miss Charlotte Deane."

"I instructed that there

must be no interruptions," said the German investor, aiming his spectacles at the man like a pistol.

"But the caller insisted. She said it was extremely urgent."

Charlie muttered an apology to the others and took the phone to the far end of the room. Natasha's voice came through the receiver, sounding smaller than usual: "Are you sitting down? Something has happened. It's Piers."

"Piers? What on earth has he been up to now?"

"I'm afraid Piers is dead," said Natasha, and burst into tears.

Charlie leant back in her chair, the receiver suddenly heavy in her hand. Outside the grey waters of Lake Geneva creased and wrinkled in the wind.

Two hours later, Charlie was on the last flight to London, her mind buzzing with thoughts, most of them bad. Unlike Natasha, she had never had an affair with Piers, and indeed had harboured suspicions about the great intelligence that others had claimed to see in him. Her view had always been that his talent for self-promotion considerably exceeded his talent for investment.

Still, it was an awful business, and his contribution to the bank would be badly missed. His contacts in the financial world were legendary. Indeed, it was Piers who had introduced the Geneva investors, a deal which had eventually doubled the size of Berwick's funds under management.

From what Charlie pieced together from Natasha, Piers had been staying at the converted windmill in Norfolk that he had recently bought. After spending the day supervising the renovations, he went to the local pub and drank heavily. Then somehow or other a fire started in the night.

Piers had been surrounded by boxes of books, building materials, cans of paint.

Continued on Page II

## CONTENTS



**Perspectives:** Being an atheist can be difficult, particularly in the US **III**

**Fashion:** Designers are giving cashmere a facelift **IV**

**How To Spend It:** This year's batch of games is put to the test **VI**

**Food:** A food lover's guide to the Balkans **VII**



**Private Views:** Christian Tyler meets King's College's head chorister **XVI**

**Travel:** A welcome drink in California **VIII**

**Sports:** Is football club flotation wise? **IX**

Arts **XII**  
 Arts today **XIV**  
 Books **XV**  
 Bridges, Chess **XVI**  
 Crosswords **XVII**  
 Fashion **XVIII**  
 Food & Drink **XIX**  
 Gambling **XX**  
 How To Spend It **XXI**  
 Meetings **XXII**  
 Perspectives **XXIII**  
 Property **XXIV**  
 Sport **XXV**  
 Travel **XXVI**  
 Weekend Investor **XXVII**

Joe Rogaly

## Sacred and profane choices

The search for God continues despite the fear of ridicule and controversy

It is an unlikely setting for a Woody Allen film. We sit round an imposing oval-doughnut table listening to Prince Charles promote traditional Islamic culture. The camera slowly pans the rows of name-tags. It hesitates over a rabbi, a Tibetan lama, a Hindu, and a number of nominal Christians and devout Moslems. There are 70 of us.

Right there, Woody could play the little Jewish detective in a country-house drama. It would be his most important case. Who killed God? we clients might ask. Actually, Mr Allen has already thought of it. He wrote a short story 15 years ago. "Mr Big" is not set in Wiston House, where Prince Charles spoke. That country residence, celebrating its 50th anniversary as a conference centre leased to the British Foreign Office, is in a different universe from the metropolis inhabited by the maker of *Annie Hall* and *Manhattan Murder Mystery*.

Yet as we earnest seekers after truth sat round the doughnut we asked ourselves the very question posed by the predictably voluptuous client of the private eye in "Mr Big". She wanted someone found. Who? "God. The Creator, the Underlying Principle, the First Cause of Things, the All Encompassing."

Woody's first-person shamus asks a rabbi if he had seen Him, and gets the reply "Me? Are you kidding? I'm lucky I get to see my grandchildren." The Pope, cornered, confirms that He exists, but only the Pontiff himself communicates with Him. Allusions to Socrates, Descartes, Spinoza, Kant, Kierkegaard follow. The denouement is, suitably, a befuddling prose artefact.

I do not mean to sound irreverent. If we God-fearing agnostics have a prejudice, it is against the militant atheists among us. They tread on our secret hopes. The world is more likely to be a creation than the self-creation implied by contemporary scientists. That was the central point of the Wiston House lecture-luncheon.

The sporadic headlines that generated were about the

supposedly Christian heir to the throne reaching out to Islam. That is, shall we say, controversial. Heaven forbid that I should enter any such controversy. No, to my ears the central point of the Prince's speech, and the addresses that followed, was his assertion of a "sense of the sacred".

Science had attempted to take over the natural world from God, fragmenting the cosmos and relegating the sacred to a separate and secondary compartment of our understanding, he said. The need was for a "holistic" approach to life, a bridge between our physical and our spiritual natures. This talk was delivered a few days before the death of Laurence van der Post, whose teachings on such matters were central to any appreciation of his work.

All his obituaries noted his influence on Prince Charles, who has sought to become a defender of "faith" rather than "the faith". The latter appellation restricts the monarch's horizons to the Church of England. Another controversy there. I

would let it pass, but the situation is too dire for that. To my mind, true believers are under siege by the followers of Mammon

"We agree with those cosmologists who say... that science is privileged to participate in a reading of the mind of God," said the Rev Polkinghorne, "though we know that there is much more to the mind of God than science will ever be able to discover." His Wiston House remarks could be construed as an answer to those who imply that everything started with the Big Bang and evolved from there. (Anyway, what happened before that celebrated explosion?) "Our powers of comprehension vastly exceed anything required for the evolutionary necessities of everyday survival," observes our erstwhile professor of mathematical physics at Cambridge University.

His line is that science and faith may work in tandem. You do not have to be a follower of Islam to take that healing thought on board. Another speaker gave us a foretaste of a 1987 scheme to present the church, mosque, synagogue et al as standard-bearers of the green movement. Along with the major environment

groups, they will purvey the idea of "Sacred land - the re-hallowing of the environment of Britain". It will be a five-year programme, taking us across the end-of-century divide. I can hardly wait for the details. Let us just say that there will be some good walks along historic pilgrimage routes.

If you are squirming with embarrassment at this point, take it easy. So am I. Those who deny the existence of a world that cannot be discerned by the five senses can disbelieve with confidence. Those who are blessed with genuine faith can proclaim their radiance without fear. The rest of us live in a spiritual muddle.

One consequence is the growth of fringe religions, sects, cults, new age theories - a thousand rivulets running at tangents to the great streams of old. We have choice in everything, even matters of the soul. If we like, we can "celebrate" a secular Christmas. Would you believe Woody in a red coat, white bearded on a sleigh? God protect us from anything like that.

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## A CHRISTMAS THRILLER

## Collateral Damage

From Page I

thinner and the like. He simply never woke up.

The papers report similar incidents every day, but that doesn't limit the shock when it happens to someone you know well. Charlie thought of Susan, Piers' wife. It was she who had found the body, quite horribly burnt.

Susan had been totally devoted to her husband, more than Charlie could see herself being to any man under the sun. She had ignored his philandering, put up with his boorishness, made herself believe that he was the brilliant wit that he claimed to be.

Poor Susan! She had invested so much in that man. Charlie didn't want to think about it any more. She picked up her PT and leafed absently through the pages. The Labour party was still arguing about the minimum wage. Ken and Eddie had agreed to disagree about interest rates. Japan and China were quarrelling about some islands. Yeltsin was half-dead. Deng was three-quarters gone. And far below were the Alps, white and cold and perfect.

he had said, about the effects on his "pulling power" of a thickening waistband.

Typical Piers, thought Charlie. First, to say one thing and then do the reverse. Second, to imagine that his women had any interest in the size of his waist, as opposed to the size of his wallet. Nonetheless, she thought it might be worth checking with Susan. The opportunity came outside the church when everyone was milling around trying to think of something cheerful but not too banal to say.

"Fate plays such horrible tricks, doesn't it. And Piers had been such an abstemious character recently."

**You drove him too hard. You used up everything he had. Can't you see that? Then the tears came**

Everyone at the office thought he was on the wagon.

Susan gave an almost imperceptible flinch, as though an unpleasant thought had hit her. Charlie decided to probe further.

"Perhaps he had been feeling the stress more strongly than usual," Susan sighed heavily. "Well, he had certainly been acting rather strangely. I think he was having difficulty in concentrating."

That sounded very unlike Piers.

"Really?" said Charlie. "Concentrating on what?"

"On anything. For example, he offered to go shopping the other day, and you know what he came back with?"

"What?"

"Two hundred cans of corned beef. He said we

might need them in case the IRA set off a nuclear bomb."

Charlie gazed at her in astonishment. Susan looked awfully wan, as if she had been crying for days. Charlie tried to give a big Natasha-style hug, but was pushed away with surprising force.

"You people," Susan hissed, suddenly frantic. "You drove him too hard. You used up everything he had. Can't you see that? Then the tears came."

"I'm so sorry," said Charlie softly. "We can talk again, if you like."

"I don't like," raged Susan, wheeling round to face her. "Stay away, Miss Smarty-boots. There's been enough damage done already."

Charlie was uncomfortably aware that she was suddenly the focus of hundreds of accusing stares.

□ □ □

The true extent of the damage at Berwick Brothers became clear on Monday when Charlie started reviewing the portfolios that Piers had been running. Until a replacement was recruited, she was the obvious choice to take over, but it wasn't going to be easy.

Piers Montagu's investment style was the complete opposite of hers, and they had clashed several times at strategy meetings. As befitted the manager of the "Global Growth Trust", Piers was aggressively bullish on biotech stocks, Internet plays, emerging markets, and pretty well everything else.

The word "value" didn't exist in his dictionary. Just two weeks ago he had been spouting nonsense about a structural worldwide rise in profitability. Charlie had objected loudly. She considered the word "structural" a substitute for serious thought and told him so.



"Wake up and smell the coffee will you!" he had snapped in response. "This is a secular bull market. In the words of Confucius, the fastest monkey gets the ripe persimmon."

That was typical Piers Montagu - American slang and phony Chinese epigrams, mixed up and blended in a plummy public school accent.

Still, from the computer print-out on the desk in front of her, it looked like Piers had been prepared to "walk the talk", as he would probably have put it.

The Global Growth Trust had more than \$2bn of assets. Unlike Charlie's high-performance funds, it was supposed to be managed in a conservative "belt-and-braces" way, suitable for widows and orphans. That was not the story that the print-out was telling her.

When Charlie got to the last page, she paused, frowning. This section contained the unlisted stocks that Piers had invested in: private placements, venture capital funds, and the like. But the numbers didn't make sense. They seemed to

be at least two decimal points out of place.

She went back to the beginning, keyed in some codes on her Bloomberg terminal, and did a few sums on her calculator. No, everything else seemed to be in order.

With a sinking feeling in her stomach, Charlie rang through to the settlements department and asked for list of every single transaction that Piers Montagu had made over the past six months.

□ □ □

An hour later Charlie was sitting in the office of the Honorable Denis Moore, known throughout the bank as Dirty Den. She had never seen her boss look so shaken, not even when she had told him about the long position she was taking in South African shares in 1993.

"How could such a thing happen?" he mumbled unhappily. "What could he have been thinking of?"

"I've no idea."

"And what were your complicity doing?"

"I imagine he sweet-talked them. He was pretty good at that." As Natasha, Marie-Claire, Lianza and many others could easily testify.

Moore shook his head in bewilderment. "Five hundred million pounds," he said slowly, giving each word equal emphasis. "I mean, that's almost a half of our net worth. What are we going to do?"

Charlie wished he would at least stop asking questions. At bonus time he exuded an oily confidence, a card player working with a marked deck. Now he looked old, defeated by a world that no longer submitted to his comprehension.

"Well," she said. "I imagine the first step would be to inform the authorities."

Moore's Adam's apple bobbed. "Oh my god!" he moaned. "Imro, the fraud squad - the press."

Now he had his head in his hands. No doubt he was having visions of packs of journalists encamped outside his Pimlico flat, snapping pictures through the hedges of his Hampshire estate, talking to his first wife, hoovering up gossip from the various people he had discreetly back-stabbed over the years.

"It has to be done, doesn't it?" she said.

"No, it bloody well doesn't," said Moore vehemently. "Not yet, anyway. Don't tell anyone about this. Not a soul, do you hear me?"

"I hear you, alright," said Charlie. "But I'm not sure I understand. Failure to disclose something of this scale could get us into even bigger trouble. These days, people are getting barred for less."

Moore got to his feet. "Let me be the judge of that. You've got a great future with this firm, Charlie. Play your cards right, and in five years you could be sitting in my chair."

He put his arm around her shoulder and guided her to the door. A double blime a quarter of a century ago, Moore was still a handsome man, despite the dyed hair and the well-upholstered paunch. Charlie wondered if she could ever have been attracted to a man like that.

No, she couldn't, she decided. Because he was fundamentally stupid. Why pretend to be in charge of events that you couldn't even understand, let alone control? Why would anyone want to sit in that chair, anyway? He thought it was a throne, when it was really just a deckchair on the Titanic.

Charlie didn't leave the office until Wall Street had

closed. When she arrived at her flat in Covent Garden, Amos was already in bed. He was wearing nothing but a sleep-mask, his chest and shoulders glowing orange in the dim light of the table-lamp. She slid quietly under the covers and snuggled up to his warmth.

As she had suspected, he was only pretending to be asleep. It didn't take him long to sense that something was wrong. Having tried every technique in his considerable repertoire to smooth away her tensions, he finally picked her up in his arms, took her into the lounge, and dumped her on the sofa.

"Tell me about it," he said, wrapping a towel around his waist.

So she did. Over half-a-bottle of Laphroaig, she explained how Piers Montagu had invested nearly half a billion pounds into a handful of small private companies.

"What kind of companies are these?"

"No one knows. They are not listed on any stock exchange."

"So where has the money gone?" he asked.

"No one knows that either."

Amos was quiet for a moment, his sculptor's fingers knotted together under his chin. Those long strong fingers were what had attracted Charlie to him in the first place.

"Half a million pounds," he mused. "That's a huge amount, isn't it?"

"No, Amos," said Charlie gently. "Half a billion pounds. Enough to buy all the Henry Moores in the world."

That was the other thing that had attracted her. He knew nothing at all about money.

□ □ □

Early next morning there was a call from Susan Montagu. "I must apologise about what happened the other day. It was nothing personal."

But of course it was. Charlie had been taking the flak for Natasha.

Still, Susan was clearly under tremendous stress. To make matters worse, her job as an anaesthetist at one of the teaching hospitals was about to disappear in a government cutback. That was one of the few subjects about which Piers had displayed any social conscience, getting everyone in the office to sign a series of petitions.

According to Natasha - who knew everything they first met when he had gone in for a hernia operation. The man had definitely been resourceful, if nothing else.

Lunch was in the top-floor suite with Denis Moore. There were two other men waiting at the table. One was the tame Tory MP that

the bank retained for "political research services".

As far as Charlie knew, he had failed to foresee every single change in fiscal and monetary policy of the past five years. Right up until White Wednesday, he had claimed that sterling's membership of the ERM would be "defended on the benches".

More recently he had been lauded in the tabloids for his promise to breakfast on British beef sausages every day for the rest of his life.

The other was a more formidable figure - the last representative of the founding family on the executive board. He sat on the government benches in the House of Lords, and wrote an occasional column in the *Spectator* magazine on gardening. His first name was Stanley and in the bank he was known as Stan the Man.

Denis Moore got to the point straight away. "This whole thing could have serious ramifications, Charlie. It's coming at a very bad time."

"Extremely unfortunate," agreed Stan the Man without

raising his gaze from the wine list.

The MP affixed a large slab of pâté to a curl of toast. "The socialists have got the knives out for the City, mark my words. These Labour party front men may sound as if butter wouldn't melt in their mouths, but look at the fellows behind them. Something like this would give them a perfect excuse."

"Excuse for what?" asked Charlie.

"For whatever they want - salary caps, windfall taxes, public inquiries, you name it. Look at Scott! Look what happened to that poor sod from the power industry!"

On the other side of the table, Moore's Adam's apple was bobbing again.

"But those things happened under the current government," said Charlie, taking a sip of Evian water.

"That's exactly the point," said the MP triumphantly. "Under them it's going to be far worse. People's justice, the politics of envy, the works. You probably don't remember the 1970s Denis, how much was it that the Footsie fell from peak in '73?"

"Ninety per cent," said Moore drily.

"If I might venture an opinion," said his lordship,

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having chosen a bottle of 1961 Chateau Leoville Barton. "This matter has dimensions beyond the purely domestic. In this day and age, our socialist friends are no longer the most serious threat to our well-being. There are other more formidable adversaries."

"He arched an eyebrow, as if his meaning should be perfectly clear to anyone."

"I'm not sure I understand," said Charlie.

"Brussels," hissed the MP, making the word sound like a sexual obscenity.

"The complexities of our unique position in Europe," corrected his lordship. "We are, after all, one of the last fully independent British merchant banks. If we were found to have shot ourselves in the foot, the French and the Germans would be cock-a-hoop. They could use it in all sorts of ways."

"Look at what is already going on," interjected the MP. "Their long-term strategy is clear - marginalise the City, strangle it with Euro-legislation, then gradually build up Frankfurt and Paris as replacements."

The wine had arrived. The last working member of the founding family took a sip and rolled it around his mouth before continuing. "In my considered opinion, the survival of the bank is a strategic necessity for this country of ours."

"After Denis told me what happened, I took the liberty of speaking to one or two chaps I know. They hold the same opinion. They believe we should have the opportunity of sorting things out without undue interference."

Strategic necessity? Charlie was puzzled, and it must have shown in her face. "Two weeks," said Moore. "That's the time we've been given to put Humpty-Dumpty back together again."

"And how on earth are we going to do that?"

His lordship leant across the table, a smile creasing his lips. For a man who had just learnt that a significant portion of his worldly wealth had evaporated, he looked in remarkably good spirits.

"That's what we're relying on you to find out, Charlie. Now, do have some of this excellent claret."

He was holding out the bottle expectantly. Charlie cautiously lifted her glass...

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## PERSPECTIVES

Lunch with the FT

## Mutton stew with the 'Lion of the Panjshir'



An unmistakable whiff of power: Afghan resistance leader Ahmed Shah Massoud

As those Russian soldiers who fought him in Afghanistan during the 1980s will tell you, Commander Ahmed Shah Massoud is an extremely difficult man to hunt down - let alone have lunch with.

These are testing times for Afghanistan's most celebrated guerrilla commander and ousted defence minister, now leading the fight against the Taliban Islamic militia which took Kabul in September and now controls two-thirds of the country. With the first heavy snowfalls of winter upon him, Massoud is under pressure to retake the capital or reach a settlement.

After four days, a high-speed car chase and fruitless attempts to corner him in blizzards and sub-zero temperatures, Massoud finally consents to a press conference at his military headquarters in Jebel Seraj, a windswept town high in the Hindu Kush mountains 40 miles north of Kabul. Lunch *a deux* seems an unlikely prospect.

Jebel Seraj is heavy with Massoud's forces, a grisly Aladdin's cave littered with the paraphernalia of war. Tanks rumble through the muddy streets, past armoured personnel carriers, rocket launchers, artillery guns and shivering soldiers armed with Kalashnikovs. Amid this noisy military orchestra, four-wheel drive Toyotas with tinted windows ferry its conductor, Massoud, to and fro at breakneck speed.

"The Lion of the Panjshir" is the sobriquet that he earned after his exploits against the Russian invaders in the Panjshir valley. Fearing that lunch with the FT may not be top of agenda on retiring for the day, I ask him if he is feeling hungry. The interpreter looks long

and hard at me, a stony expression indicating this is not the sort of question one asks the great man.

After some cajoling, he sheepishly translates my crude hint and, after conferring with his leader, an aide announces in polished French that if I would like to have lunch with the commander, I would be most welcome.

Massoud motions me courteously into a private dining room - hardly lit and empty save for a small table, a set of chairs and a sink. This is one of the few Kalashnikov-free zones in town. Other than an uninspiring still life, the white walls are bare. There is no carpet on the concrete floor.

The Chitrali cap, spotted at a rather rakish angle, sits atop a handsome face lined with two decades of warfare. At 43, Massoud is already beyond the average life expectancy of Afghan men and admits his best years on the battlefield are behind him. The eyes are deep, dark and in earnest as he looks back with pride to his leading role in harrying the Soviets out of Afghanistan in 1989, 10 years after their invasion.

A matching woollen waistcoat worn over an army sweater, khaki fatigues and black boots - he is rumoured to have a penchant for the custom-made Russian paratrooper variety - completes the ensemble of the mountain warrior. There is an unmistakable whiff of power and authority about him, but for a man who has done little else but wage war since 1973 he is remarkably gentle and softly spoken. A quiet dignity underpins his massive presence.

"I am sorry lunch is going to be very basic," he says in mellifluous Dari (Afghan Farsi), waving a large hand over the table on which two bowls of mutton, potato, onion and tomato stew, served with heaps of nan bread. "If I had known you were coming a little earlier, I would have had something special prepared."

The counter-revolutionary career took off at the age of 19, he tells me, in the wake of the coup which overthrew King Mohammed Zahir Shah, installed a pro-communist regime, and declared Afghanistan a republic. He abandoned an engineering degree at Kabul University, then home to the conflicting movements of Islamic nationalism and communism.

Formal education ended

It has been very difficult to get rid of the Russians and then deal with Pakistan

there but Massoud remained a voracious reader. After Kabul's recent fall, he relocated his home to the Panjshir, taking with him his 3,000 volumes of literature. In the little spare time war affords him, he enjoys reading the 14th century spiritual Iranian poet Hafiz.

We face each other across a cheap plastic table cover. I ask him his favourite food and the interpreter looks startled again. Massoud is used to reporting his latest military advance but admits, almost shyly, to finding "personal questions the most difficult to answer". The interpreter suggests milk as Massoud's preferred tipple, realises this is insufficient as an answer, and then remarks with an air of finality, "Commander Massoud likes whatever he eats".

Subject closed. Massoud is here to talk Afghanistan

and not milk shakes. It is something he does with ease and charm and an animation which stems from an intense religious faith and a profound love of Afghanistan, notwithstanding the fact that he has done much to destroy the country himself. The Russians left Kabul virtually unscathed. Today, after more than four years of factional fighting between Massoud and rival Mujahideen, much of the capital lies in rubble.

I suggest Afghanistan is doomed always to fall victim to its deep ethnic fault-lines. The current war pits the Tajik Massoud - in a coalition with Uzbek warlord General Dostam - against the Pashtun Taliban. He shakes his head and moves both elbows on to the table, citing a host of examples to prove that these divisions are not fixed; Uzbeks fight Tajiks, Pashtuns embrace Tajiks and so on.

"This is only one part of the problem," he observes. Afghanistan's war, he says, has always been the creation of foreign powers, with Pakistan the master villain. "It has been very difficult to get rid of the Russians and then deal with Pakistan," he says, stroking his beard sadly. "Pakistan created the Taliban."

Returning to his own background, his mood lightens and the face creases into a smile while he informs me that at 26 he could look back on two coups d'état and a failed provincial rebellion. "I had a Sten gun and 30 men with me in the Panjshir. We robbed a bank and told everyone there had been a coup in Kabul. But there was nothing in the newspapers or radio to confirm it and people soon discovered nothing had happened." He was now a wanted man but the episode is recounted as though it were merely a boyish prank.

A pot of tea arrives with a bowl of toffees, walnuts and almonds. As lunch draws to a close, I ask him whether there are any plans to retire from the battlefield and perhaps write a book. He laughs at first but then the gravitas of the man of war returns. "I have never fought for happiness, nor have I fought for power. I don't want to continue fighting one more day but while I am alive I will do everything to defend my country."

He makes another graceful apology for our simple repast, slips quietly out of the room, and disappears, swallowed up by the entourage of waiting generals.

Justin Marozzi

## O lord, it's another atheist

Gerard Baker on the problems faced by non-believers, particularly in the US

It will be a traditional Christmas for Frank Zindler and his wife again this year. Last week he taped a few messages for the special seasonal edition of his "Dial-Atheist Telephone Hotline" on the fallacies of Biblical fundamentalism.

Shortly before the 25th he will decorate his tree with purely secular ornaments (no angels or Father Christmases). And on Christmas Day itself he will raise a glass or two in celebration of the winter solstice.

Zindler is a creature so rare these days he is in danger of becoming an oxymoron - the American Atheist. While religion, organised or otherwise, seems to have been on the wane in much of the west this century, in God's Own Country, it retains its hold over the vast majority of the people.

About two-thirds of western Europeans believe in God, polls suggest, a figure that has been falling for many years. In America more than 90 per cent of the population are still faithful. For those on the obverse of that statistic, life can not only be lonely it can, occa-

sionally, be downright uncomfortable.

Zindler and his wife have been abused, their house has been vandalized (without obvious irony, "Jesus Saves" was the message someone chose to scrawl across their front wall). They have even received death threats. In the early years of the Reagan Revolution, he was hounded out of his job as a college professor for teaching an atheist philosophy (Darwinian theory) - and this was not the bible belt. The Zindlers live in the comfortably secular city of Columbus, Ohio, in the heart of the Midwest.

"Throughout my life, I've been made to feel as though I were an alien," he says, "the godless beast from another planet."

Most American atheists say the same thing, although today few are physically intimidated. Frank Zindler is a crusading atheist, a prolific publisher of anti-religious tracts, veteran of a thousand demonstrations against Christian and Jewish displays in public places. Most Americans regard him as a bit "uppity", he says.

According to Ellen John-

son, president of American Atheists Inc, the leading anti-religious group in the country, though prejudice is still rife, most non-believers are reluctantly tolerated by others.

"It's rather like being homosexual. As long as we remain locked in the closet, people seem prepared to accept us."

"They just don't want us

In South Carolina and Pennsylvania atheists may not hold public office

to be too public about it."

That is something Johnson's organisation has been struggling for years to overcome, with few obvious signs of success. There are as yet no plans for an Atheist Pride day, but AA Inc does produce a weekly television show (cable-cast in 50 cities) and a range of atheist literature and merchandise (bumper stickers, "Proud to

be An Atheist", \$150).

And life is certainly better for the godless today than it once was. The cold war period was probably the worst time to be an atheist in America. Non-believers were simply assumed to be communists and were treated accordingly. There was even an attempt (ultimately unsuccessful) by one especially zealous congressman to exclude atheists specifically from the provisions of the Civil Rights Bill, on the grounds that they were un-American.

But while, in law at least, sexual and racial discrimination is now no longer tolerated, in some states religious discrimination in political life is still the norm. In Pennsylvania and South Carolina, atheists may not hold public office. Several other states still have similar, though technically moribund laws on their statute books. In a famous case a few years ago, the Supreme Court upheld a rule by Boy Scouts Associations, that no atheist children could join the movement.

In Bill Clinton's Arkansas, a state not especially renowned for the moral high

standards of its senior office holders, they have gone one stage further. No-one who denies the existence of a supreme being may testify in any court in the state.

Though the first amendment of the constitution (a document that atheists point out does not include the word God anywhere) upholds complete freedom of religion, attempts to overturn these bans have been only partially successful.

The main reason the prejudice is allowed to continue, say atheists, is fear on the part of office holders. It would be political suicide for any candidate for office to back the atheist cause.

"There is virtually no politician in American history who has been prepared to support us publicly," says Ron Barrier, who produces the weekly television programme for the atheist network. (The technicians who work on the programme often use pseudonyms - they do not want their friends to know they do it, he adds).

According to AA Inc, there has never been a single self-confessed atheist in the US Congress. In fact, there

are even indications that

America that makes it such

barren territory for godless

rationalism? Surprisingly for

such a bunch of rationalists,

no-one in AA Inc seems to

have a clear answer.

Some believe it is a product

of America's free market

economic system. Competition

among religious groups has

resulted in an intensification

of efforts by each faith to

strengthen its market position,

resulting in a more comprehensive

market reach by all.

Others say it is something to

do with the cultural and

social rootlessness of

Americans, nearly all of

some point refugees from

hostile governments.

Perhaps the simplest

explanation is that America

has, for all its obvious flaws,

probably proved better at

providing its people with

more freedom, more personal

well-being, more opportunity

and more hope than any other

country on earth.

Most Americans truly believe

their prayers are being answered.

Perhaps they are right.

## Dispatches

## Oh troubled towns of Bethlehem

Making reality out of symbolism has become a South African challenge, says Roger Matthews

Being a child of Bethlehem has not always been easy, as its most famous son discovered. Whether the little town was in Palestine, or in the Orange Free State in South Africa, whether the occupying force was Roman or British, the consequences have sometimes been severe.

Take this description. "Round the village, so far as we could see, not a farmhouse was standing, and on the way thither we passed the site of what were prosperous stores. But only a heap of stones marked where they had been. All had been burned."

About one fifth of the village itself had been destroyed, the houses on the outlying streets having been pulled to pieces to provide fuel for the troops. But when remarking on the deplorable destruction, we were told that Bethlehem had suffered least of the villages in that part of the colony.

A stray white man wandering among the ruins added to the sense of desolation. That sunny Sunday will haunt me to my dying day."

The writer was Ramsay MacDonald, later to become the Labour party's first prime minister of Britain. The Bethlehem he described during

the Anglo-Boer war has since prospered, at least for part of the population.

The River Jordan still runs through it, Loch Lomond and Loch Ailshne provide kinder nurseries of Britain and the town's drinking water, while the devout have a choice of nearly 60 churches.

But nearly a century after the British visitation, Bethlehem is undergoing another political transformation scarcely less profound.

For the past 12 months, black people have theoretically governed Bethlehem. Since the Boer trekkers first decided in the early 1840s to create a farming settlement there, the majority rules, or is learning to. Yet a couple of decades ago they did not exist in the town's official literature, except by implication.

Publicity material extolling Bethlehem's virtues mentioned a total population of 24,900 of which 8,500 were white.

Fourteen photographs revealed not a single black.

In those days there was, by law, no room in the Inn for Indians travelling through the Orange Free State. They had to clear the provincial borders by dusk. But changing laws may

Black people theoretically govern Bethlehem, South Africa

have been the easiest part of South Africa's political transformation. "When you see a heavily pregnant woman crawling 300m through waist-high snow from her shack to the toilet, it illustrates what a enormous task this community faces," says Clem Harrington, a

lawyer and Bethlehem's deputy mayor. The town's population has swollen to nearly 100,000 of whom 70 per cent are black.

In the adjoining townships and squatter camps he estimates annual population growth to be 8-10 per cent.

Bethlehem in Palestine may think it has budget problems, but Mayor Elias Freij has still been allocated \$40,000 by Yasser Arafat this Christmas to decorate Manger Square and make the town look festive for the tourists.

"We shall not be spending anything on decorations," says Theo Scholtz, six times mayor of South Africa's Bethlehem and now chairman of the town's executive council.

"Although I may just find a few rands if new bulbs are needed for the Christmas tree at the town hall."

"How can you create a festive spirit among so many poor and jobless?" he asks. "It's not Christmas for them. We must be

aware of their conditions. We need to address their problems, and understand that they want delivery now."

Part of that problem is the town's new but elusive mayor, K E Khabeane. He enjoyed enormous success as the

'How can you create a festive spirit among so many poor and jobless?'

representative of the African National Congress organising payments boycotts as part of the struggle against apartheid. His work then is proving stubbornly durable, with only one in five of black households paying for municipal services.

"The white population should,

and is prepared to pay more, in recognition of the privileges they have enjoyed in the past and the good infrastructure that Bethlehem has," says Scholtz.

"But if just 5 per cent of the whites stopped paying, the consequences for the town would be devastating."

The possibility exists. Mutterings among whites about having to bear most of the town's financial burden is growing, as it is elsewhere in South Africa.

The more militant have suggested a virtual boycott, by paying their dues into a special account.

"Mr Khabeane is a decent man, but he can be difficult to find," says a council member. "It is particularly hard for him to persuade people to reverse everything he has preached for so long, and his work is made more difficult by the extreme right wingers on the council."

Changing black attitudes is

made tougher by other lingering aspects of apartheid, especially in education. Not a single black pupil has yet been admitted to the town's premier secondary school.

Although there is no legal device for blocking black children, parents claim the school is demanding a full year's fees in advance, which they cannot afford. Whites, they claim, are allowed to pay monthly.

Making reality out of symbolism remains the biggest challenge in both Bethlehems. The one exists in a Free State from which the Orange has now been officially removed, the other in a territory for which freedom and statehood remain the greatest aspiration.

The new year might just link their joint ambitions, with the official "twinning" of the two towns.

It was a politically incorrect idea when first mooted by Mayor Freij during a visit to his South African counterpart in 1993, but after South Africa's political revolution is now likely to go ahead.

Publicity for the event in South Africa would be in the hands of Bethlehem's public relations officer. Her parents, with great foresight, christened her Santa.



The Nativity: In America more than 90 per cent of the population are still faithful

Barney's Picture Library



## FASHION

# Precious yarn spreads its appeal

Marion Hume looks at the designers who are giving cashmere a fashionable facelift

Cashmere, that most luxurious of winter fibres, has secured its place in the fashion sphere. Of course, the most traditional sweaters in this warm and expensive fibre always appeal. But what is exciting is the way that designers have pushed cashmere on, into both the slinkiest and most voluminous of shapes. Now, you can have it both ways; cashmere can be the height of fashion and in seasonal colours, or reliable in the form of the trusty twinset.

Michael Kors, Betty Jackson, Gucci, Giorgio Armani and Jil Sander are among today's purveyors of cashmere. The Jean Muir winter collection always includes a special cashmere piece, often featuring an abstract intarsia. In contrast, the American, Michael Kors' edict is plain, plain, plain. But his shapes are modern, being either super-slender or sloppy Joe outside. Betty Jackson has made the luxury classic jaunty by using it for striped short-sleeved T-shirts. Jil Sander, the German designer, has double-faced cashmere coats which could roll up in a ball and then spring back to shape - except that one would not tend to do such a thing to a £3,000 coat in the first place.

What attracts the designers who are giving cashmere a fashionable facelift is its pedigree. The wool starts life on the necks and underbellies of mountain goats in the Himalayas, Mongolia and the Xinjiang region of China. Over the winter, this downy under-fleece keeps the animals warm. In the spring, when it is not combed out as a precious harvest, the goats would shed this fleece naturally on to rocks and bushes from whence, in the past, it would be collected, then cleaned and spun. With the demand for this limited resource today, things are a little less haphazard.

In the 18th century, Kashmiri craftsmen wove soft shawls of the fleece to wear against the skin through harsh winters.

By the 19th century, the British East India Company was buying these shawls and shipping them to Bilgity, where they became greatly admired and prized. In Jane Austen's day, a cashmere shawl would cost between £200 and £300. By the 19th century, bold shawls of cashmere were something of a fashion must-have among the smart set in London and Paris. By the end of that century the Scottish industry

was unrivalled in the world. And in spite of the efforts of the Chinese, it still is.

Today's designers are not the first to head to the borders in search of this rare and precious fibre, buffed up to perfection in the soft Scottish waters. In the 1920s, Coco Chanel and Jean Patou discovered Scottish cashmere, then used for underwear, which they transformed into clothing. Today, cashmere underwear is an indulgent buy, although there is no shortage of takers for floor-length dressing gowns in rich, dark colours

labelled Pringle or Ballantyne.

The cashmere twinset, invented in 1937 by Otto Weisz, then head designer at Pringle, soon became the cashmere standard. The most traditional versions still appeal when teamed with a knee-length skirt for opulent yet minimalist day wear. But also appealing are today's re-worked twinsets, with finer finishes and necklines that are scooped and more feminine. Pringle has a longer, skinnier rib twinset in this season's favourite colour, a milky pale camel;

which barely resembles something mother would wear with pearls.

"Cashmere is certainly becoming more cutting edge, of course we do great business with the classics in a multitude of colours, but we are getting strong results from innovative, fashionable pieces," says Linda MacLellan of The Scotch House.

Lionel Fisher, of S. Fisher, the famous cashmere shop in London's Burlington Arcade agrees. "We are selling skinnier-ribs and big chunky four-ply sweaters in the most fashionable colours."

The raw fleece comes in three tones, from white to a dark donkey brown. The rarest is white, which is dyed into the palest shades. The big news is the mixing of cashmere fibre with other yarns. Cashmere with silk gives a light and delicious feel, and a soft lustre. Cashmere injected with a small percentage of Lycra maintains a slim silhouette in the most body-conscious pieces.

Murray Allan, purveyor of cashmere under its own label and supplier to the couturiers of Paris, has a 90 per cent cashmere mix which includes Lycra and nylon, in

a yarn spun in Italy by Loro Piana, probably the top cashmere spinner in the world. This works well in simple pieces such as sleeveless singlets, designed to be worn under a tailored suit or, in more relaxed mode, under a huge, sweeping cashmere coat (such as the one shown here, in oxblood by TSE).

TSE, which is made of Chinese-spun cashmere, is building its name among the fashion set. TSE's cashmere wrap-skirt works well over slim legs clad in this season's patterned tights. But the single item which everyone "in the know" desires most is a sweater by Lucien Pellat-Finot.

Pellat-Finot now works with Scottish mills for a range in two-ply cashmere that he calls his "ready-to-wear" line. But it is the Frenchman's four-ply line, made in French homes in the Savigne region, that people find irresistible. Simple T-shirt shapes, a range of colours from bold stripes to baby soft tones, sweeping cardigans and probably the most pricey twinsets available make up the Lucien Pellat-Finot range, to which he adds astin palazzo pants. His luxurious sweaters

take one day each to make and start at about £700 each.

"They appeal to a wealthy woman who likes quiet luxury and who does not want her clothes to shout out about money. And they work for her. I call it practical luxury," says Pellat-Finot.

People can get addicted to cashmere. This season, Liberty, in Regent Street, stocked 10 cashmere dresses,

by Shirin Guild, at £1,200 each.

"To be honest, I was nervous about how they would sell," says Angela Qualtrill, women's wear buying director for the London store. "We sold them all within three days and of the repeat order of 10 we have two left."

Not that fashionable cashmere will do away with the

most humble items of clothing rendered luxurious by this precious yarn.

I have a pair of cashmere socks, which I have worn on walks up hill and down dale for the last six years. I have certainly never indulged them with gentle handwashing.

To be honest, they are getting tatty now. But they will certainly last the winter.



Oxblood coat, £1,595, TSE; black sleeveless top, £145 from Murray Allan at Scotch House; black wide-leg trousers, £460, Michael Kors at Harvey Nichols; suede boots, £287, Hobbs Tel: 0171 499 2020

□ Pringle at S. Fisher, 22-23 Burlington Arcade London W1. Tel: 0171 499 4190. General inquiries 01450 360250.  
□ Shirin Cashmere, 11, Beak Street Place, London W1. Tel: 0171 581 1936. Murray Allan at Scotch House, 2 Brompton Road, London SW1. Tel: 0171 581 2151.  
□ TSE, 26, Whitehall, London W1. Harrod's and Harvey Nichols, Knightsbridge, London SW1. General inquiries 0121 253 4433.  
Photographer: Wendy Carr.  
Make-up: Helen Walsh.  
Hair: Jean-Marie at Vidal Sassoon.  
Styling: Karen McCann assisted by Alison Walsh.



Oatmeal hooded cardigan, £750, Shirin Cashmere; oatmeal sleeveless tunic dress, £410, Shirin Cashmere. Chocolate brown ribbed tights, £5.99, Jonathan Aston at major department stores. General inquiries: 0116 286 2385



Line/gray double-sided cashmere scarf, £190; gray/cream/line cashmere turtleneck sweater, £295; trousers, £355, Rebecca Moses at Browns, 23-27 South Molton Street, London W1. Tel: 0171 461 7833. Both Betty Jackson, Tel: 0171 589 7889



Tease/gray striped cashmere sweater, £730, Lucien Pellat-Finot at Browns; beige angora/cashmere mix trousers £270, Marni at Browns (as before)

Bright



Head w stress-free



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## HOW TO SPEND IT

# Bright, beaded and sparkling little bags

**Secondhand or tailor-made, the evening bag is an invaluable accessory, says Marina Newland**

**L**ittle black dresses may be the safe and standard kit for the winter party season, but they make it hard to stand out from the crowd. But add to the black dress an original evening bag, something feathered or velvet, embroidered or sparkling with diamanté or beads and it can add panache and verve to what might otherwise be rather anonymous fare.

**Most high street stores stock tasteful black evening bags which will not clash with anything you might wear but they are in themselves a little dull. Instead you could arm yourself with a quality item that will not only last a lifetime but will give as much real pleasure as the right necklace or ring.**

Antique items are all the rage now prompted by the release of *Evita* and the revival of retro chic. Anybody scouring the better secondhand shops will find they represent wonderful value for money when compared with modern versions.

Steinberg & Tolkein on London's Kings Road, for instance, has an extensive selection of vintage evening bags with prices as low as £26 for a beautifully shaped shell bag with white beading. Otherwise Merola in Walton Street, which tends to stock higher priced mod-

els with great detail, or Virginia at 98 Portland Road, London W11 (tel 0171-727 9906), are excellent sources.

For those who want originality and hope to find it in the work of a modern designer, try looking at bags produced by Emily Jo Gibbs. Her intricate designs incorporate both finely worked wire detailing and luxurious

fabrics. Her current collection includes sterling silver, satin and velvet. Erickson Beamon, at 38 Elizabeth Street, London SW1 (tel 0171-259 0202) offers tailor-made beaded creations to match any dress.

Lulu Guinness designs for many markets. Her range of luxurious bags in velvet and lace are available at her

recently opened shop in Ledbury Road, and start at £150. But at Debenhams, for whom she designs a special range, a beaded design can be snapped up for just £25.

Finally, the queen of the statement evening bag has to be Judith Leiber. Her designer models, well-known on the New York charity set, are now available in

the UK and prices start at £600. Crafted in colourful combinations of diamanté and beads, they are, to the unaccustomed eye, a little on the extravagant side – once seen, however, they will not be forgotten.

And if you lose your purse it will not be the credit cards you will be worried about.



(right) Silver present box bag in velvet, £165, by Lulu Guinness, 86 Ladbury Road, London W11 (tel 0171-221 9889), and Liberty's, Regent Street, London W1 (tel 0171-734 1234).  
(centre) Black lizard evening bag, £500, by Donna Karan from Browns, 23-27 South Molton Street, London W1 (tel 0171-491 7833). Black and white rhinestone bag, £1675, by Judith Laiber from Harrod's, Knightsbridge, London SW1 (tel 0171-730 1234).



(centre) White beaded shell bag, £28, from Steinberg & Tolkein, 183 Kings Road, London SW3 (tel 0171-378 3880). (right) Chocolate brown feather bag, £110, by Jamin Puech from Harvey Nichols, Knightsbridge, London SW1 (tel 0171-235 5000). Red velvet bag with gold tassels, £120, by Jehanne de Bloyer, 29 Conduit Street, London W1 (tel 0171 485 4257).  
Illustrations : Ashley Lloyd



(left) 1920s black velvet and cut steel beaded bag, £488, from Mercis, 178 Walton Street, London SW3 (tel 0171-689 0368). Gold velvet ribbon bag with sterling silver handle, £240, from Emily Jo Gibbs (tel 0171-680 8834)

## Head west for stress-free shopping

**L**eft gift buying until the very last minute? Why not try London's up-and-coming - but stress-free - shopping spot. Tucked away behind the town houses of Holland Park, Clarendon Cross is a quiet little enclave of West London which boasts unusual, carefully selected merchandise that you are unlikely to find in the high street.

It is a civilised stroll from bustle-free Holland Park tube station; if you are driving it is relatively easy to find parking. The area at the junction of Portland Road and Clarendon Cross is dotted with fashionable shops but retains a village-like atmosphere.

Cath Kidston's household shop, 8 Clarendon Cross, has been an insider secret for some time, selling everything from swimsuits to cushions, coasters to box files - and in her distinctive Fifties-inspired, floral prints. Duvet cover and pillowcase sets (from £35) in petal pink, pastel blue or lemon florals make nice presents as do the cosy floral elderdowns (£40). Kidston's rose-gingham or spot print swimsuits are a cult item and matching drawstring wash

bags (£12.50) are ideal for carrying them around.

If small children feature on your list, Bananas next door offers a good range of babywear and cute accessories, colourful wooden toys and teddy bears with interesting facial expressions - none above £25. The best seller is a miniature towelling bear that rattles (\$6.95). Wooden block jigsaws of Father Christmas (£8.50) make good stocking fillers.

For foodies, Summerlin & Bishop, 100 Portland Road, stocks an excellent selection of unusual and expensive kitchen gadgets from Italy and France. Maple wood chopping boards which double as cheese or charcuterie boards and knife sets would make welcome presents. Covetable items include food or kitchen-inspired pictures on old wooden panels by Pege Grau-Vercher (from \$59)

Fellow shopkeepers all say it is the arrival of The Cross, 141 Portland Road - a shop combining a quirky mix of modern clothes, toiletries and accessories - that has really raised the profile of W11. There is something for everybody in this shop with boxes of handmade soaps, selections of bath oils by

Mic, beaded jewellery and evening bags and men's cashmere socks all ideal as gifts. If you are looking for a soothing gift for the man who has everything the huge three-wick candles (£52) are apparently a big hit with men who visit the shop.

Worth a visit - even just to browse - is Virginia at 88 Portland Road, an antique shop which has long been considered the jewel in the crown of London's vintage clothing shops by top designers and models (Donna Karan is rumoured to buy the vintage chiffon print dresses for inspiration).

Beaded evening bags and fringed shawls in dove silk chiffon make good presents for fashionable types - although there is nothing vintage about the prices.


For lunch, Julie's restaurant nearby is the obvious choice. Cullen's coffee shop on Holland Park Avenue is hugely popular for breakfast on a Saturday morning.

Clarendon Cross is certainly more civilised than Regent or Sloane Street for Christmas shopping - even if some prices are slightly higher and the selection of shops infinitely smaller.

## Karen Wheeler

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## HOW TO SPEND IT

## The Seven Ages of Man

## A lot of comfort and a little luxury

Lucia van der Post on gifts for the man who has most things

Comfort is what is needed now. Things to make the last years of life easier, more luxurious and to lessen the burden of dealing with the intractable difficulties of the physical world.

Technology has made Shakespeare's dire forecast redundant. Instead of sans eyes, fading eyesight has been matched by larger, clearer television screens and more sophisticated sound systems. And there is the remote control.

Putting together a home audio-visual network is much like gathering friends for a dinner party and making sure that the right people sit next to each other - like your guests, the technology needs to be compatible. Given the reluctance of the man who is getting on to grapple with new-fangled gadgets, the best gift of all

would be to organise everything from start to finish.

Choose a new wide screen, get it delivered and have the system installed. This option is not cheap, with Sony prices starting at £400 and rising to £5,000 and beyond, but the seventh ager will appreciate the quality.

For Sony television stockists, ring 0990-111999 or try Bang & Olufsen, 56 South Molton Street, London, W1 (tel: 0171-355 1235), which has similar technology, but nicer packaging.

If he loves sport, give him Sky Sport, which will deliver

football, boxing, yachting and tennis to the point of saturation. There is one main sports channel, with two more at weekends, and the bonus of Eurosport with most packages - handy if he is into tractor racing or second-tier snooker.

After a few hours of watching downhill slalom, it is time for the après-ski. The winter chills and misery kit - a half bottle of whisky, fresh lemons, cloves, cinnamon, honey and recipes for the perfect hot toddy - from The Gluttonous Gardener, costs £25 (tel: 0171-371 0775).

## Shakespeare's seventh age

Last scene of all  
That ends this strange, eventful history,  
Is second childhood and mere oblivion,  
Sans teeth, sans eyes, sans everything.

If he has got the alcohol, then the crystal must follow. Dartington specialises in heavy-bottomed glasses, difficult to knock over but not necessarily to knock back. Starting at £9.50 from Harrods, Knightsbridge, London SW1 (tel: 0171-730 1234).

As the man of seventh age status could well have

evolved into a couch potato - for which you are partly to blame having bought the satellite subscription - making him feel comfortable in his normal position (eyes front, hand on remote control, body settled into favourite chair) is a priority. A blanket will keep him company, particularly if he

really does want to watch tractor racing. A 100 per cent cashmere blanket, available in classic navy, dark green and wine, costs £850 at The Scotch House, 3 Brompton Road, SW1, London (tel: 0171-881 2151). A travel rug, also 100 per cent cashmere, in a range of tartans, is priced at £350.

There is life beyond the living room, so make him a member of The Chocolate Society (tel: 01423-322230) - for £45 which entitles him to buy from the mail order list of delectable choccy products (nothing but the finest

here made from high percentages of cocoa solids - no cheap concoctions of sugar, saturated vegetable fat and powdered milk) at discounted prices.

Alternatively, buy him a great big basketful of chocolate goodies from the new shop at 36 Elizabeth Street, London SW1W 9NZ (tel: 0171-259 9222). Or Divertimenti (tel: 0171-386 9811) to order a "chocoholic gift box" for £24.95 - chocolate truffle sauce, a pack of cocoa-covered roasted almonds and a 100g block of chocolate noir (contains 60 per cent cocoa

solids) as well as four little ramakita dishes for making that chocolate mousse.

A mobile phone makes a lot of sense. There are phone and call packages available from various manufacturers, but try The Carphone Warehouse for a reasonable deal (tel: 0800-925 925). It would be a good idea to sort out the details of the contract before delivery and to use a system which has the advantage of pre-programmed numbers.

If he has ignored Shakespeare's verse and still has excess energy, you could present him with a new challenge by delivering a very large and complicated jigsaw puzzle. A 9,000-piece scene of St Michael's Mount is available from Harrods at £44.95. It is said to be the world's largest commercial jigsaw puzzle, which is something to cite if he is still impressed by superlatives.

## Fun and games at Christmas

Will this year's batch join our old favourites?

Come Christmas every family, every house party, needs a game or two to old favourites, Monopoly, Scrabble, Happy Families, cards and dominoes go on forever but every Christmas there are new ones on the market, each hoping to become a new classic and make their inventors' fortunes. We asked a few FT writers to test some of this year's batch.

## Hefoi

£19.99, The General Trading Company, 144 Sloane Street, London SW1 (0171-730 0411).

Hefoi - the game - bears little resemblance to the glossy, photo-filled celebrity magazine whose name is intended to sell it. On opening the box we found a cheap little board game, the bastard offspring of Ludo and Trivial Pursuit.

We decided not to fuss

with the die and plastic counters and discs, concentrating instead on trying the multiple-choice questions.

The questions, we are told, are based on 1995. The game is therefore nearly a Fergie-free zone.

Celebrity names, however, are racked by irritable vowels and inconstant consonants. A host of famous figures discover distorted doppelgänger: Emperor Aki Hito, Jane Austen, Kenneth Branagh, Jim Carey, Lewis Carroll, Glen Close, George Eliot, the Brothers Grim, Lloyd Grossman, Dennis Healey, Hugh Hefner, Ernest Hemingway, Patsy Kline, Anne Margaret, Leonard Nimmo, Scarlett O'Hara and Mary Shelly and Virginia Wolf.

Hefoi told the FT it had licensed the game but had no role in its design or structure. It believed the game, launched 13 months ago, was now out of stock. That would be a blessing.

Clay Harris

## Edward de Bono's Mind Pack

£14.99, from Just Games, 71 Brewer Street, London W1 (0171-437 0761).

It got me to thinking, so Edward de Bono's Mind Pack achieved its purpose. Several attempts to grapple with this self-improvement package led me to ponder: what makes a successful package? What skills do we learn by playing games? And, especially, who in the world is going to waste much time on this product without being forced to?

The most likely targets are square-eyed North American children, whose parents are desperate to find anything mind-improving to divert them from television or computer screen, and conscripts to management training courses.

The Mind Pack contains a 72-page book of exhortation and exercises intended to "discover the secrets of creative thinking" as well as

two decks of cards and some rudimentary board games. We tried a few "Thinkand" games - looking for connections between pictured items or creating a story based on a random selection of them - and quickly lost interest.

One of its drawbacks is an overweening and over-analytical earnestness: you are learning, this is good for you. In fact, you would be better off with an old-fashioned compendium of games.

Clay Harris

The games mentioned below are available from leading department stores.

## Triominos

From £15 from Just Games.

Two-year-old Meredith is already an expert at family games. We were unable to lock our back door for a week recently because one of her games involved hiding the keys.

They were eventually



found inside a toy. So when a toddler's handful of triangular tiles - essential for the pursuit of Triominos, a three-sided version of dominoes - went missing, that was the place we looked.

I took Triominos to a family gathering last Sunday and asked my parents, and nephews and nieces to try it. The signs were not good.

The idea is to amass points by matching the numbers in the corners of a tile to the ones already played. But instructions were haggled over and two versions of the game were played. Neither was wholly satisfactory.

Although it's billed as being a game for six-year-olds and above, I ended up helping Emily, my bright 10-year-old niece.

Her solicitor father tried one round and walked away saying: "Serious hump game this." I understood what he meant as my mother took over at the head of the score-board.

Sadly, it is all too complicated and the scoring system too artificial and arbitrary. None of us was sure whether this was a game of skill or not. The 56 tiles provide so many options and their triangular shape so many edges to play on that you could never be sure of blocking an opponent or planning a series of moves.

The instructions contained no helpful hints on strategy or tactics and after more than 1½ hours of play, I was not sure there was any strategy to be hinted at.

Trouble was, none of my opponents were prepared to stay around long enough for me to find out.

Peter Whitehead

## Rapidough

£25, from Just Games.

Rapidough's inventors know what makes a good family game: anyone can play, the result is friendly mayhem, and it is over in about half an hour. It is therefore not surprising that Rapidough is one of the fastest selling games of the year.

Unfortunately, playing it can be a little wearing. Rapidough is like charades in plasticine. Each team picks a word on a card for team mates to guess.

Words to be modelled range from easy (gnome) to impossible (curry). The modelers work simultaneously and there is a lot of shouting as their oeuvres take shape.

The team that guesses correctly gets to wield a plunger that takes a bite out of the other team's dough. Running out of dough ends the game and your bid for Rapidough stardom.

Rapidough appeals to certain basic instincts: the sensuality of moulding your thoughts, the exhilaration of yelling, and the joys of imperialism when you annex your enemy's dough. It is a children's game. Tolerant adults can join in, while cleverer grown-ups will have gone for a walk.

Danny Green

## Brain Strain

£20 from Just Games.

"You shouldn't play this after too much champagne," giggled Suzanne. "It's just like the diplomatic service exams," grumbled Chris.

Brain Strain is the latest variant on Trivial Pursuit, that "knowledge" game where contestants chase around a holo board and the winner is the one who has the most garbage-filled memory.

It is a serious improvement on Trivial Pursuit. For a start, it is a team game. Second, some questions actually require you to think. Try: What links RECORD, PRODUCE and PROBEITY?

Some questions are silly - a cowboy rides into town on Friday stays three nights and leaves on Sunday. Explain. The team with the right answer moves a counter forward on a board.

If the answer is wrong, the counter moves back. The team that moves the counter to the opponents' end of the board wins. Questions are too difficult for children, but for teenagers or a child-free Christmas afternoon, great.

Danny Green

## Pass the Bomb

£17.50 from Just Games.

As a child, there was always a moment of delicious anticipation as the new Christmas game was unpacked after lunch. The remotest possibility of best-

ing siblings, or even parents, was too sweet to miss.

Alas, the anticipation was seldom matched by the reality.

Pass the bomb, however, would have pleased me as a child, and delights me as an adult. The game is simple. A pack of cards is shuffled and 13 dealt. On each card are two or three letters, ranging from "Ang" to "Yd" (I couldn't find a combination starting with a Z).

The object is, for each player to think up a word which contains the letters. A die is rolled indicating whether the letters cannot be placed at the beginning or the end of the word. And then the bomb is started.

The bomb is a plastic ball with a string attached which makes a loud ticking sound. Its genius is that the length of time it ticks before exploding is random. Once the player has found a word he passes the bomb to his neighbour. The player holding the bomb when it explodes is given the card. The winner is the one with the least cards when all 13 have been played.

Pass the bomb will still be played in decades to come.

Paul Abrahamson



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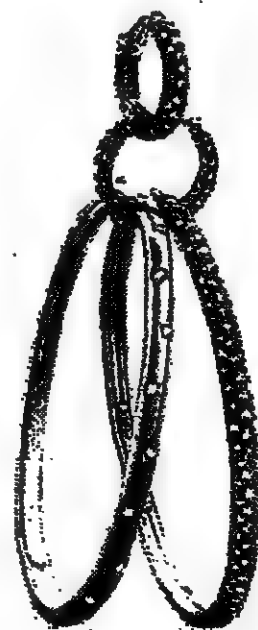
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## FOOD AND DRINK

Bordeaux/Edmund Penning-Rowell

## An unusual claret vintage



was that the vintage might resemble 1989 or 1988, indicating fairly slow developing wines: a *vin de garde*. But there were other views, including some as far back as 1966. These comparisons are seldom fulfilled, and prophecies are not uniform.

By the end of August much less rain had fallen in the Médoc than further inland, and the

right bank districts of St. Emilion and Pomerol were much more affected.

Growners in the Médoc were generally optimistic, and also in parts of the Graves, including Haut-Brion, La Mission-Haut-Brion, Dom de Chevalier and Haut-Bailly where it was suggested that the vintage might turn out between *bon* and *très bon*. So optimistic too were the leading growers which I visited: among them Lafite, Latour, Ch. Margaux, Mouton-Rothschild, Ducru-Beaucailon, Cos d'Estournel and Léoville-Barton.

Of course, a final assessment cannot be made until the blending for the *grand vin* bearing the *château* label has taken place from early next year onwards. Nevertheless I received some shocks when I visited St. Emilion and Pomerol.

Pierre Lurton at Cheval-Blanc was perfectly content. But it was a rather different report in some leading Pomerols. One proprietor said the year lacked heat, and Christian Moueix, traditionally somewhat pessimistic, and his oenologist for the whole domaine, Jean-Claude Beronnet, said the vintage was *moyen*.

Moueix suggested, provisionally, that possibly he would make only 2,500 cases of Pétus as against 3,600 last year. In all, it can be said to be a Médoc year. Before the blending (*assemblage*), there is little discussion of probable price levels. After the record price sales for the leading 20 or so *châteaux* of 1995, there is little early interest, as happened initially with the 1990s after 1989.

Although the first-growth prices for the 1990s dropped

from FF230 (£26.52) a bottle to FF210, many consider the later vintage the better. At the time of this year's vintage, the price per bottle, in bond, on the Bordeaux market of Mouton-Rothschild 85 had risen to FF650. Latour FF490 and Lafite FF450.

Obviously the Bordeaux négociants hope that prices for the 1996s will not rise, but the best that one of the leading Bordeaux brokers could suggest was a fall of 10 per cent for the leading wines and more of a drop on the right bank, a factor being lack of stocks at the *châteaux*, save for a proportion of the 94s.

It is clear, however, that 1996 is not a claret vintage to be missed, but if it is like 1988, it may take a fairly long time to come round; but then 1996s are not for early drinking. The dry white Graves that were mostly picked early are good, and generally superior to the 1995s. The Sauternes too are much more promising than last year.

For information on the weather, I am indebted to Bill Blatch, of *Vinex*, the Bordeaux négociants.

## Cookery

## A food lover's guide to the Balkans

Philippa Davenport on an exotic and remarkable culinary study and recipe collection

The cookbook that has charmed and interested me above all others this year is *The Melting Pot: Balkan Food and Cookery* (Prospect, £19.50, 384 pages), a remarkable culinary study of that deeply convoluted territory spanning part of the Middle East and part of Europe.

The author and illustrator is Sofia-born Maria Kaneva-Johnson, who married an Englishman and moved to Britain in 1985. She paints a loving and richly informative portrait based on inborn knowledge and years of research into the foods and cooking of the peoples that make up the Balkans, with their shared cultural roots and geographic, climatic, economic, religious and national diversity.

The result is an enthralling read, never dryly academic, combined with what must be the most extensive collection of Balkan recipes (300 or more) to appear in the west.

She argues that all European cookery began in the Balkans about 8,000 years ago. She points out that the Romans did not introduce any new crops to the area, rather that their conquests led to the dispersal of many Balkan plants, and the craft of leavened bread-making, to other parts of Europe.

There are intriguing accounts of Bulgarian commercial market gardening co-operatives working abroad from the end of the 17th century; and the recent building of ovens barely changed in design from those of the ancient world.

The sense of continuity is striking. By force of circumstance, shepherds feeding

solitary lives with their flocks, above the tree-line for much of the year, exist largely on bread or porridge and the dairy products of their ewes. Some communities, she suggests, cling to the old recipes and old ways as a means of retaining their cultural identity.

*Zitko* or *sito* is a pan-Slavonic word meaning cereal, she tells us, stemming from the old Slavonic word meaning wheat, itself derived from the word meaning life.

**A Slovenian porridge of millet and dried turnips may not be to everyone's taste**

The Balkan diet was and still is based on bread, wheat flour and other cereals, supplemented by milk, cheese, yoghurt and generous quantities of fruits and vegetables.

The purity and frugality of many of the recipes bear witness to the ingenuity of people using basic, everyday ingredients – and they come as a lovely antidote to the frequent excesses and ceaseless quest for novelty that plague some British kitchens.

A Slovenian porridge of millet and dried turnips served with cream or pork crackling, may not be to everyone's taste; nor a sort of faggot made with lamb's pluck known to the Bosnians

as *Malden's breasts*. But there is a lot in this book that I want to cook time and again.

I am already more than mildly addicted to *celeriac* stuffed like globe artichokes and an exquisitely delicate Albanian recipe for poaching lamb then baking it in a trembling yoghurt custard. Salted walnuts, black olive stew, beef with prunes and chestnuts, apple kisel, and curls of orange rind threaded on cotton, like the beads on a necklace, steeped in syrup, all sound irresistible.

To the stranger, many of the ingredients have an exotic ring to them (wild apricots, buffalo milk, cornelian cherries, quince, mulberries, saffron, pekmez, roasted flour, verjuice, winestones and walnut milk). The excellent background information given on them excites the travel bug in me. This is a very British reaction, I would guess, to judge by the extracts from the journals of such travellers as Lady Mary Wortley, Mary Durland and Patrick Leigh Fermor that dot the pages along with old proverbs and folk tales.

Kaneva-Johnson gives the name of each of her recipes in the languages of all the Balkan peoples who make it, to help explain the ancestry of the dish. I quote the Bulgarian names only in her seasonal suggestions.

**TYURLYU GYUVACHE** (serves four as a main course or six to eight as a cold table dish)

Vegetable stews are not in the British tradition but the taste for meatless meals (occasionally if not daily) is growing apace and this dish commends itself on many



counts. The Orthodox Christmas Eve supper is traditionally based entirely on garden produce; and Kaneva-Johnson describes this dish as exceptional, healthy and very typical, with its careful balance of ingredients. The ingredients list may be long but the method could hardly be simpler. Just the sort of thing to appeal in the run-up to Christmas.

1 medium aubergine (unpeeled but cut into cubes, sprinkled with salt and left to drain in a colander for 2-3 hours, then rinsed and squeezed gently to remove excess moisture); 2 medium onions, finely chopped; 400g potatoes, peeled and cut into small chunks; 400g tomatoes (fresh or canned), peeled and chopped; 4 medium courgettes, unpeeled but sliced; 250-300 young green beans (fresh or frozen), trimmed and cut into bite-size pieces; 100g young okra, the stalks carefully

pared away without cutting into the pod; 1 large green pepper, seeded and cut into squares; 250g frozen peas (or fresh ones blanched in boiling water for 10 minutes); 1 large bunch of parsley, chopped; 2 teaspoons paprika; 5-6 tablespoons vegetable oil; 4-5 fresh tomatoes sliced into rounds for topping the stew.

Keep the sliced tomatoes to one side. Put all the other prepared vegetables into a large earthenware casserole or terrine measuring about 30cm in diameter and 9cm deep. Season with 2-3 teaspoons salt and the paprika. Pour on 4 tablespoons of the oil and mix all the ingredients thoroughly.

Arrange the sliced rounds of tomato on top. Sprinkle with the remaining oil and smooth the surface with the back of a spoon.

Bake in an oven heated to 190°C (375°F) gas mark 5 for 1-1½ hours until the tomatoes on top have browned.

There should be only a little sauce left in the dish. Serve straight from the dish, either hot or cold, with a salad and fresh bread.

**BAKITSA SUS SIRENE** (serves 6)

A leafy pastry dish marks the high point of almost every Balkan festival and season: it is equally at home at opulent as well as humbler tables. This particular dish (which may be prepared ahead and reheated) is eaten on both festive and everyday occasions. It is also served at the stroke of midnight on New Year's Eve with a silver coin concealed between layers of pastry signifying good luck and prosperity through the year for the finder (in Albania and Greece), or a coin plus cornel buds wrapped individually in little slips of paper foretelling the finder's good fortune (in Bulgaria).

300g filo pastry (if frozen, allow the sheets to thaw in their wrapper); 200g feta cheese, soaked in cold water for half an hour, drained and coarsely crumbled with a fork (or 250g Cheshire or white Stilton cheese, crumbled and seasoned sparingly with salt); 3 eggs, separated, the whites stiffly beaten; 65g unsalted butter (or 40g unsalted butter melted with 2 tablespoons oil).

Keep the pastry covered with a damp cloth to prevent drying out. Just melt the butter and keep it warm. Blend the egg yolks with the cream or yoghurt, then stir in the cheese and fold in the stiffly beaten egg whites.

Grease a roasting tin 35 x 20 x 5cm deep, or a round baking tin 25 x 5cm deep, with some of the melted butter. Line the bottom with two pastry sheets lightly brushed with butter, butterside up.

If the sheets are torn or too small, patch them with a piece from another. Scatter over 2-3 tables-

poons of the filling, then continue laying buttered sheets, gathering each into tight folds before you trim off any excess – to introduce height and air – and scattering with filling after every second or third sheet, until all is used. Place the last two sheets of pastry flat on top, cut the stack with a sharp knife into six wedges or rectangles, and pour on any remaining butter.

Place the tin in the upper part of an oven heated to 200°C (400°F) gas mark 6. Immediately reduce the temperature to 180°C (350°F) gas mark 4 and bake for 20 minutes. Then turn the oven down to 150°C (300°F) gas mark 2 and bake on a lower shelf for a further 25 minutes. At the end of this time, the crust should be deep golden brown, the base underneath pale brown; if not, bake a little longer.

When cooked, leave to cool a little, then cut into portions. Serve warm or cold.

## Appetisers

## A cask-strength Laphroaig

Allied Domecq has pulled out some Christmas plums this year. For the first time, it has released a cask strength Laphroaig at 57 per cent with all that wild spiciness and peatiness that lacy malt devotees love so much. Oddbins is selling it at a bargain £28.99.

Even more exciting has been the release of a 30-year-old malt from Ardbeg, Laphroaig's neighbour on Islay. For years now, malt lovers have been tearing out their hair to locate rare bottlings of Ardbeg.

This 30-year-old has a mellow sweetness which fails to conceal the smoky character of one of Scotland's very greatest malt whiskies. Financial Times readers can buy it at an exclusive price of £56 (the normal price from the distillery is £94.98).

Cheques should be made out to Allied Distillers and addressed to Charlie Sale at Leadbetter Inc, 3 Morocco Street, London Bridge, London SE1 3EB. Do not forget to include a delivery address.

Even rarer is a 60-year-old Macallan from Speyside. Only 12 bottles were filled and one was sold last week by Christie's for the benefit of the Wine and Spirits Benevolent Society. It fetched a record £11,000.

Oddbins has stocked up on a few rare malts for the festive season, as well as a few bottlings of its own. Recommended

are the 1984 Single Highland Malt with its butter-Bourbon character (£14.99) and the fruitcake-like 1973 Speyside (£20.99).

A series of 15-year-old malts have been aged in sherry, port and madeira casks. The most successful are aged in the sherry and madeira casks (£19.99).

Two collectors' items from Hart Brothers are the sweet, heathery 18-year-old from Highland Park (£27.99) and the subtly peaty 19-year-old Port Ellen (£29.99). Rather dearer are a couple of rare malts at cask strength: Benrinnes XI (£44.98) a beauti-

fully sweet, fruity old whisky, and Benromach 27 (£49.99) with its rich, sherry character.

For anyone with £1,100 to spare, Hennessy has released 'Richard Hennessy' which, it claims, contains 150-year-old cognac (cognac is transferred from wood to glass at 50-60 years, at which point it ceases to age). It is a rich, buttery old brandy with a delightful *rancho* character and that smell of vine flowers which is important for cognac lovers. Leading retailers stock it.

If you do not have that sort of money, Oddbins is doing a good little Bordeaux cognac called L'Hermite for £25. *Giles MacDonagh*

after's stale aromas.

Among the best cigar merchants around the UK are: Davidoff (0171 930 3078), Alfred Dunhill (0171 290 6826) and J.J. Fox (0171 930 3787). London SW1: John Hollingsworth, Birmingham (0121 236 7768); James Barber,



Olley (01942 483603) and Herbert Love, Edinburgh (0131 225 0052). *Nicholas Lander*

In my recent piece on continental cakes for Christmas and the New Year, I said that the only commercial version of *galette des rois*, the traditional Twelfth Night cake of France, I had come across were made and

sold by Maison Blanc.

Sainsbury has since sent me samples of its version, on sale in the pastisserie section of 100 of their branches nationwide, which is reasonable value. *PD*

Anyone seeking a cheap night out, or, in my case, a re-run of my days as a student in Manhattan, could not better the following. A 10in pizza, easily big enough for two, from the coal-burning oven of Arturo's, Greenwich Village, 1106 West Houston Street (212 677 3820) followed by ice-cream or dessert from Custard Beach, a few blocks away at 33 East 8th Street, tel: 212 420 6039. There will be change from \$20 (£12). *NZ*

Those scouring the bookshops in search of Christmas presents for food and drink loving friends may like to consider the following titles, all shortlisted for the 1996 Andrew Simon Memorial Awards: *Fragrance of the Earth* by Nada Saleh (Saqi); *From Anna's Kitchen* by Anna Thomas (Penguin); *Preser-*

ving Fine Wine by Jim Budd (Apple); *Guides to Wine* Grapes by Jancis Robinson (OUP); and *Wines of New Zealand* by Rosemary George (Faber). *PD*

Date for the diary in 1997 is Nantwich International Cheese Show to be held on the parkland of Dorford Hall, Cheshire, on Wednesday July 30. More than 18 countries and 1,500 cheeses, butters, yoghurts and dairy products are expected to be on display at what has become one of the premier cheese events in Europe. For more details fax Andrew Hunt on 01270-811421. *Jim James*

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Two stocking fillers for those who still enjoy a cigar after Christmas lunch. Andrew Jefford's *Smokes* (£4.99, 112 pages) is a highly enjoyable, anecdotal book on tobacco which, unusually, acknowledges its addictive side while Lampes Bergers, fragrant oil burning vases, (Harrods' Cigar Department £30 upwards) dispense what some refer to as the morning

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## SPORT

## Football

# Healthy, wealthy but is it wise?

Newcastle's Sir John Hall is a man for the shifting times on and off the pitch, says Keith Wheatley

Stock market excitement about the flotation of half-a-dozen struggling British football clubs is repeatedly being taken as evidence that the sport has never been healthier. But to me the game is sick. Football has become a value-free zone.

Evidence this year, from Paul Gascoigne to George Graham, shows that whatever a football star does in the real world is excusable, forgiveable, forgettable. Whether the offence is wife-beating or making free with club funds, only those 90 minutes on the green rectangle count.

Paradoxically, such an attitude would scarcely have mattered a generation or more back. What players did then away from the pitch was scarcely reported. Their influence as role models – beyond dribbling and trapping – was minuscule. Nowadays footballers cannot be allowed the luxury of thinking that what they do beyond the touchline does not count.

Last week I bumped into Marco van Basten on the French Riviera. He had been playing golf and called into La Gaffe, a quiet place in Antibes, for a drink. Van Basten, a former AC Milan striker, has not kicked a ball in almost four years since being sidelined by a knee injury. Yet his arrival created as much attention as if Madonna or Tom Cruise had walked in.

"It still frightens and amazes me how much people follow the details of my life," he said. "I'm just a retired footballer living quietly in Monaco. Golf is about the wildest thing I do but I still get the media treating me like I'm a movie star."

Van Basten seems an admirable young man but he is far from the norm. Parents trying to bring up their children to believe that

cheating at Monopoly or Snap is indivisible from other more serious forms of rule-smashing are getting little help from the sport. As it infiltrates every sector of our lives, the pervasively negative example of many of its stars matters more and more.

Some sports journalists are anxious over the moral decline in the turf they cover. Patrick Barclay, one of Britain's most gifted football writers, wrote an extraordinary confessional recently in a journalist's trade magazine. Barclay declared himself so depressed by the sheer venality and unpleasantness of many of the sport's players and managers that he tries to avoid the off-the-field interview.

Barclay says the game still fascinates him and he describes the action on the pitch with great vividness, yet his reports of football's wider milieu seem to be written more in sorrow than in anger.

Sir John Hall is seen as one of British football's great movers and shakers. His creation of a strong team and a magnificent stadium for Newcastle United has been described – not least by himself – as a keystone in the revival of the economically depressed north-east of England.

Sir John has also turned his attention to ice hockey and rugby. His fight against the Rugby Football Union at Twickenham over the division of spoils from television coverage of the first-class game, still threatens to end in litigation and create a split to rival the 19th century fissure that created league and union.

The prospect does not bother Sir John. He has said that medieval structures at the RFU or elsewhere cannot stand in the way of sports club's near-divine right to turn themselves into profitable leisure companies.



Sir John Hall: a mover and shaker in British football and possibly ice hockey and rugby too

This is a man for his times. In the early 1980s, Sir John was a property developer, then came shopping – in spades. At Gateshead he built the Metro Centre, a gigantic shopping mall modelled on a complex in the Canadian prairies. Tyneside, an area built on heavy manufacturing industry, now in decline, had seen nothing like it. Money flowed like the Tyne itself, but in the end it was just retailing. Buying and selling. No one made anything.

For all the worthy interviews he gave about regional revival, Sir John was really just a shop landlord on an unbelievable scale. When he fought his way into control of events at St James' Park and the chairmanship of a once-great football club, he was showing once more his extraordinary antennae for the economic zeitgeist of a new decade. If the 1980s was shopping, then the 1990s was sport.

If the underlying theme was really bread-and-circuses, the soc-

cer-crazy Georgies did not spot that. In a chilling interview on a radio programme, Sir John said that so many young Tynesiders were out of work and unlikely to have a fulfilling career that it was important to provide a successful, glamorous football club for them to support in order to preserve their self-respect.

For a self-proclaimed regional messiah it appeared a pretty low-level ambition. Newcastle United FC on a roll as a swap for jobs and economic independence would not have been a deal that found many takers on Tyneside a generation ago. But little dissent was audible above the cheers for Kevin Keegan.

Sport's true role as a physical and emotional recreation, as an adjunct to peoples' private and professional lives, is diminishing at an ever-increasing rate. As the investment necessary to maintain and run a professional sports team doubles and quadruples, then heritage, ethics and laugh-

ter become luxuries too expensive when set against the cost of marketing the product.

Fred Rosen, chief of the giant US leisure corporation Ticketmaster, recently described the imperatives with impeccable clarity. "I know there's rock concerts, and movies, and books and television and CDs and Internet and sport," he said, "but I also know this – everybody's only got the same two hours."

In the not-too-distant past sport was part of the continuum of a fan's life. They had played the game in school or college, possibly into young adulthood, cheered for a local side, cementing their loyalty to a suburb or city. It was important, passionate, but peripheral. Suddenly the stakes are too high. Every football club that just spent a fortune on a Brazilian striker, knows that it must fight and claw for Rosen's two hours. Despite the viewing figures, not all of us find it a pleasant spectacle.

## Cricket

# Australian tour slips

West Indian fans have been shocked speechless, says Canute James

No one, not even the most cynical, seems able to work up the courage to say: "I told you so." They, and particularly the most optimistic of West Indian cricket supporters, have been shocked speechless.

All agree that the team now in Australia is not the strongest fielded in recent years. The more outstanding bowlers have started down the far side of the hill, and the batsmen have not been at the top of their form. Much was expected, however, of the new pace bowlers and an improving middle order which included one of the game's best batsmen.

While West Indians conceded that this was expected to be a hard tour, many find it hard to swallow that less than half-way through, their team has lost the first two tests and the opening one-dayers. Worse, none of the encounters constituted a match in the real sense of the word. The finger pointing has started, and will inevitably gather pace, even in the unlikely event that West Indian fortunes are reversed.

Voices are being raised about the team's composition. The attack is unbalanced, argue some. This was especially clear in Sydney, known to be a spinner's wicket. Yet the West Indians went into the tour without a specialist spinner. Emotion has obscured the other aspect of this charge. If there were to be a spinner, who would it have been, and would he have been effective? Well, say the cynics, regaining their voices, he could not have done much worse than the pacemen.

The sad truth which West Indian selectors and now despondent supporters have to face is that a four-pronged pace attack is effective only if there are four outstanding fast bowlers. And within the current West Indian attack, there is another imbalance with the continued reliance on Curtly Ambrose. He has failed to fire and appears tired and disinterested as rumours mount of an impending early retirement.

There is also a persistent problem in the inability of the last six batsmen to put together more than 50 runs. And there is unfair pressure on Brian Lara to be consistently brilliant, as a result he seems to be trying too hard. His performance off the wicket is also worrying. West Indians who

thought troubled days of petulance were past, were unhappy at Lara's appearance, in the Australian dressing room to invite Ian Healy, the Australian wicket keeper, not to visit the West Indians. Regardless of his feelings about an umpire's decision, and West Indian management apologies notwithstanding, this was not only a worrying act by a future captain, but will also detract from Lara's concentration on his batting.

This tour was supposed to mark a new beginning. In the wake of the troubled two years under Richie Richardson's captaincy, and Andy Roberts' coaching, with indiscipline rife among the players, many thought that getting rid of them would have at once reasserted the team's dominance. A new board, which paid greater attention to the players, a new tour management which would be the envy of most teams, and a captain who is among the game's most outstanding performers, were among the ingredients which would return the West Indies to the top of world test cricket. But the team's approach so far suggests that not all the problems have been solved.

Listlessness is the reward to captain Courtney Walsh's efforts to instil some enthusiasm. Invariably, there are already questions about Walsh, and his ability in strategy and planning. It is also likely that next year will be his last with the team.

But those who question Walsh's leadership admit they are concerned about the attitude of their apparent Lara. Even in the deepest despondency, West Indians are not so churlish as to conclude that the fortunes of their team are the result solely of poor form and attitude. Clearly, the Australian team is one of the more talented, organised and motivated. They have got the formula right.

While the West Indians depend on two or three players to fire, and hope that others will support, the Australians have nine players who can bat and nine who can bowl. There is no shortage of individual talent.

To deal with this, the West Indians need to be at the very top of their game. Looking at their showing less than half-way through to the tour, they are far from it.

## Motoring

# Mature refinement

Stuart Marshall finds comfort in two similar flagship models

Superficially, the Toyota Camry and Mazda Xedos 9 – both V6-engined flagships of their respective marques – are pretty much alike.

They come fully loaded with electronically-controlled air conditioning, leather seats, automatic transmission, cruise control and power-operated sunroofs, windows and mirrors. Their boots are huge, their styling restrained and, compared with many of the management-level saloons made in Europe and equipped to the same high standard, their prices are modest.

Camry V6 is listed at £24,695, the Xedos 9 at £27,950. The Xedos has a traction control system and CD autochanger, which the Camry lacks, but Toyota does provide Camry buyers with power-adjusted front seats.

Mazda says nearly all Xedos 9s are company-owned and driven mainly by middle-aged men earning up to £50,000 a year. Clearly, the Camry V6 attracts a similar kind of user. For younger, more thrusting people, Toyota is introducing a 2.2-litre, four-cylinder Camry Sport next month, with lowered suspension, some subtle



Left: Toyota Camry (left) and Mazda Xedos 9 V6-engined saloons sized at business executives.

go-faster body add-ons, larger wheels and Connolly hide trim.

Being neither young nor thrusting, I doubt whether it would appeal to me as strongly as the 3-litre V6, because I reckon this car enshrines all the things mature motorists value. It offers great comfort, has more than adequate performance and so low a level of background noise that journalists are unfatiguing and radio listening enjoyable.

The Camry is not well known in Britain. Even if Toyota doubles its current level of sales and realises its 1997 target of 1750 registrations, fewer than two in 100 management level user-choosers will drive a Camry. It is all very different in the US, well over 250,000 locally-manufactured Camrys were

sold there last year, making it the most popular car in its class after the Ford Taurus and Honda Accord.

Although the Camrys sold in Britain come from Japan, not the US, they still have an American feel about them. The suspension is quite soft, especially at the front, and the ride almost Jaguar-like. Sensibly driven, the V6 Camry handles nicely, though I suspect the users Toyota has in mind for the sporty 2.2-litre version might think it a bit woolly.

The automatic transmission is ultra-smooth and its clever electronics first detect, then adjust to, individual driving styles. Thoughtful touches include a sunglasses holder above the rear-view mirror, fog lights that turn off with the headlamps, a tissue packet holder built into the centre console and a front bumper designed to withstand 50mph/80kph impacts.

After a week spent driving the Camry, my first impression of the Xedos was that it felt much more European even though it is made in Japan. The ride, though comfortably shock absorber, was firmer, the steering response quicker and there was more road induced noise. Did the Xedos, I wonder, have its tyres and suspension tuned for billiard table surfaces in Germany rather than corner, stone-chipped secondary roads in Britain?

The Xedos 9's engine is of 2.6-litres capacity against the

Camry's 3.0-litres and is slightly less powerful, yielding 188 horsepower against 189 bhp. Maximum power and torque (pulling power) are developed at higher revolutions. This reflects a heavily "over-square" design, with a much bigger bore than stroke, whereas the Camry's V6 has a substantially longer stroke than bore.

The automatic transmission of the Xedos takes up the drive quite sharply; when driven hard, upward changes are noticeable. Even with a relaxed driving style, they take place at higher revolutions than in the Camry but the engines of both cars are never less than turbine smooth.

Camry is considerably lighter than Xedos and is quicker off the mark – 0-62mph (0-100km) times of 9 and 11 seconds respectively are claimed – in real world conditions, the difference is not obvious. Both have theoretical maximum speeds of 130mph/210kph: users could expect about 25mpg (11.3 l/100km) in normal use, giving a safe refuelling range of 350 miles/560km.

Neither Camry nor Xedos has the aura of an Audi A6, BMW 5-Series or Mercedes-Benz E-Class – this depends more on perceived status than performance, equipment levels or even value for money. But as alternatives to any of the posh models from European high-volume producers, they look very attractive.



If the rainforests are being destroyed at the rate of thousands of trees a minute, how can planting just a handful of seedlings make a difference?

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Where trees are chopped down to be used for construction, as in Panama and Pakistan, we supply other species that are fast-growing and easily replaced. These tree nurseries are just part of the work we do with the people of the tropical forests.

WWF sponsors students from developing countries on an agroforestry course at UPAZ University in Costa Rica, where WWF provides technical advice on growing vegetable and grain crops.

Unless help is given, the soil is exhausted very quickly by "slash and burn" farming methods. New tracts of tropical forest would then have to be cleared every two or three years.

This unnecessary destruction can be prevented by combining modern techniques with traditional practices so that the same plot of land can be used to produce crops over and over again.

In La Florida, Colombia, our experimental farm demonstrates how these techniques can be used to grow a family's food on a small four hectare plot. (Instead of clearing the usual ten hectares of forest.)

WWF fieldworkers are now involved in over 100 tropical forest projects in 45 countries around the world. The idea behind all of this work is that the use of natural resources should be sustainable.

WWF is calling for the rate of deforestation in the tropics to be halved by 1995, and for there to be no net deforestation by the end of the century.

Write to the Membership Officer at the address below to find out how you can help us ensure that this generation does not continue to steal nature's capital from the next. It could be with a donation, or, appropriately enough, a legacy.



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## PERSPECTIVES

## Gardening

## Sussex verges on the pink

Robin Lane Fox finds the Sloane Wallys facing up, in traditional fashion, to blasts of hot Blair

For the 50th time this year, Veronica Sloane Wally threw the Weekend Section of The Times straight into the waste paper basket, having failed to find anything helpful in any of it, and gazed with slight unease into the imminent future.

Ten years have passed since she and her husband Julian made the move from London's Onslow Gardens to their not so old Rectory near Horsham where they have been working to create a significant new garden on a site which they now like to claim was a green field when they arrived.

This year's drought has done nothing to upset Veronica's particular triumph, her hedge of rose-purple Berberis which is pony height beneath a well-developed line of yellow-variegated *Acer drumnontii*. What worries her is less the horticultural prospect than the clouds gathering on the social and political horizon.

Twenty years ago, Veronica vowed to have nothing more to do with Labour, a decision which the emergence of New Labour has done nothing to diminish. As if by default, she hears her Sussex neighbours sliding towards a

predicament which any Sloane Wally can see coming a mile off. The New Labour government will be so restricted in scope for economic change that it will win its radical, pink spurs by attacking the symbolic targets which make a Sloane Wally's life worth living. Veronica has never cared much for fox-hunting, but she does not wish to see VAT on the private schools which made her husband's friends the people they are. She wants to retain the freedom to call a fellow-female a stupid cow without being sued for incorrectness. She cares about green issues, but not if they are going to remove parking in every High Street in the south east.

Friends who seem much less perceptive told her this summer to read Tony Blair's book and discover that she had nothing to

fear. She found a copy of *New Britain: My Vision* in East Grinstead and at first, the chapter headings seemed to reflect her own life and self-imposed struggle against mother nature in the garden. Out of The Wilderness, Accepting the Challenge, British Experiment - the headings seem to match her own aspirations in the years of exile in Sussex.

It all looked pretty harmless, but on closer inspection, clouds of Hot Blair floated off the pages. As it stands, *New Britain: My Vision* is just the text to rouse a Sloane Wally to a pre-emptive strike. It is absolutely plain that the only approved group with any social differentiation will be those who are struggling to found new businesses, the seed-corn of the new socialism.

When Veronica reached Val-

ing Families, she remembered her near-certainly that inheritance tax will wipe out all but the most basic legacy from Julian's ageing aunt, and that families who sit still will find themselves ground down by the Levy on Surplus, which will salvage the promises not to raise taxes. What the Sloane Wallys need is a new small business, coming on stream as the tide of pink sweeps south-east from Basingstoke. The problem is what the business should be and what it should be called.

It all fell into place, however, while the pair of them were watching TV.

In summer scenery, the garden-adviser Rosemary Verey was to be seen congratulating the favoured owners of very great gardens in Britain from Cheshire to Suffolk. Before long, Veronica

recognised the scarcely-aged features of one of the 1988 debutante intake who had not only "done wonders in her Suffolk garden" but had also devised an extremely pricey type of metal support for her old-fashioned roses. When Veronica sent for a leaflet, she was impressed to see how slightly-shaped lengths of metal could sell for prices which made a day out in Knightsbridge seem an economy trip.

She and Julian looked at each other over breakfast and said it at once together: Social Structures would be the brand name through which the Sloane Wallys can sell a market innovation under a title appealing to grant-holding bodies, embraced by the *Bar Left*.

The idea behind Social Structures is extremely simple. The

Sloane Wallys have two distinguishing skills: keeping detailed photograph albums of events in their own lives and finding country craftsmen who will do things remarkably cheaply which they can then sell for a remarkably high price. The core product of Social Structures is to be a fancy trellis of ironwork, arranged into an arch and made by one of the old blacksmiths near the Sussex Downs. Into its gaps, Veronica has sketched supports for water-proof frames and covers which will display duplicate photos of favourite moments in the customer's life, bringing to the garden the array of framed moments usually left on the piano.

Julian has always fancied himself at lighting and has added in a cluster of fairy lights so that the Structure can be lit up at

night in the Sloane Wally's main target area, small back gardens in the more fashionable end of Fulham, where research suggests that the new intake of corporate financiers will be uncertain how to spend yet another bonus.

Orders have yet to materialise, although Julian has high hopes of the French market and there has been some interest from one of the councils patronised by Lord Snowdon. Neither partner is particularly worried because they know that a good idea takes some while to blossom and that next Christmas, the start-up grants for linguistically-correct inner-city enterprises will be coming on stream from the Harman Funding Exercise.

Julian always remembers how he found a copy of the late Lady Falkender's memoirs *Inside Number Ten*, in the maths section of a bookshop for the Socialist Workers' Education Association. He is quietly confident that Social Structures will be similarly misidentified and will qualify for tax-relief and community grant on the back of the new programme for the survey and eradication of elite markers.

## Minding your Own Business / Clive Fewins

## Christmas all year round

The Christmas decorations remain in evidence throughout the year at the Hubert von Stauffer's house. They come from all over the world, and there are hundreds of different types and styles.

"Officially we have stopped collecting Christmas mementoes and decorations, but when people offer us irresistible items we accept them with gratitude," said Andrew Hubert von Stauffer.

In spite of selling the greater part of her collection of Christmas artefacts to a Japanese conglomerate for £1.2m in 1991, Maria Hubert von Stauffer still possesses some 30,000 documents connected in some way with the subject of Christmas.

They are tucked away in boxes in odd corners of the 16-roomed house, perched on the edge of the Wye Valley near Ross-on-Wye, Herefordshire. Much of the rest of the building is still crammed with Christmas memorabilia ranging from eastern icons to crabs, candles, festive garlands and china figures.

The Count and Countess Hubert von Stauffer - Andrew (Andrew) is from an old central European family - are Christmas consultants. They work all year on Christmas projects, from supplying film and TV companies with props to writing books, carrying out Christmas-themed exhibitions and doing general consultancy on Christmas history and traditions.

They started Christmas Archives International in 1976 and ran it from a ter-

race house in Cardiff until 1991, when health problems and lack of space made Maria decide to sell the collection she had built up over 40 years.

The last five years have been near financially disastrous for the couple.

"We were hoping to move back into profit this financial year, but our accountants tell us we shall make another loss. Last year the loss was somewhere between £5,000-£5,000. For the past few years we have been living on £9,000-£11,000."

The couple describe themselves as "not figures people". Says Countess von Stauffer, 51: "We have wonderful accountants. We leave everything to them."

The accountants have ensured that the two have not paid income tax through-out their loss-making years. However, they were unable to prevent the Hubert von Stauffers from losing £29,000 invested in 1993 in an abortive golf course project.

"We thought it seemed a good way of investing some of the money from the sale of the collection. The scheme seemed very plausible," said the countess.

"We were very naive to go along with the idea, but so were two banks, a building society and a firm of accountants."

The saddest thing was that it diverted them from the business they had been running successfully almost from the beginning of their marriage.

"For 18 months we were on the golf course project almost full-time. We lost a lot of potential work because of it and nearly went bankrupt," said the count. "Sadly it took our minds off what we are best at doing."

To get back into business and pay off their debts the couple had to sell one of three properties - a cottage for holiday lets that they bought in 1992.

"We paid £72,000 for it, spent £29,000 on it and sold

it last autumn for £52,500," said the countess. "That is the main reason for our loss this year."

"However the sale has enabled us to get back on our feet. We are investing some of the money in the conversion of an outbuilding into an archive store and also buying computer equipment that will enable us to transmit images electronically."

In 1995 the Hubert von Stauffers relaunched Christmas Archives International, concentrating on consultancy, writing, building up their photographic library, and a small amount of set design.

The countess, who trained as a *cordon bleu* chef in France and spent two years as a novice in a Franciscan convent, has written or part-written some 20 books. Last year, with her husband, she edited *A Warm Christmas* (Alan Sutton £9.99).

Her *Jane Austen's Christmas* (Sutton £9.99) has

just been published.

This autumn the couple have supplied props for the Christmas scenes in the film *True Blue*, and undertaken design work and provided table settings for two Christmas television programmes. The count, with his large grey beard, has made a number of Father Christmas appearances - but none as lucrative as the one he did on BBC's *In Search of Santa* with Esther Rantzen in December 1995.

"We are back on course. We have some TV, radio and chat show research work, talks, book signings and a large quantity of what I call 'also work'," Countess von Stauffer said.

"We now intend, as we always have done, to keep the spirit of Christmas goodwill in all our business dealings."

Christmas Archives International  
Tel: 01600 590736  
Fax: 01600 590887



Maria and Andrew Hubert von Stauffer are back on course and back in business

Clive Fox

## The Nature of Things

## The turkey's revenge

Many hazards may lurk in the festive meal, says Clive Cookson

Bloated with turkey and trimmings, you bite on the first mouthful of Christmas pudding and crunch - your tooth cracks on a silver coin. The next morning, *Salmonella* bacteria, which were lurking in the moist turkey breast, strike you down with terrible stomach cramps and diarrhoea. And many years later, you drop dead from a heart attack brought on by a lifetime of over-indulgence in rich food.

Many hazards may lie hidden in the Christmas lunch. They can exist on three levels: macro, micro and molecular.

On the macro scale, there are foreign objects which could be seen easily if they were not camouflaged by the food. They have either been introduced deliberately, like the traditional sixpence, or found their way in accidentally. If they leave your teeth intact, they may still choke you.

We need a microscope to see the micro hazards. These are the bacteria that cause a wide range of food poisoning diseases. Besides *Salmonella*, the list includes *Campylobacter*, *Listeria*, *Staphylococcus aureus*, *Bacillus cereus*, *Clostridium perfringens* and toxin-producing strains of *Escherichia coli*. Any of these could contaminate your meal.

The molecular hazards are too small to see, even with a microscope. They

include natural molecules and artificial additives - and to some extent there is a trade-off between the two. Preservatives and other chemical treatments can keep down the level of natural toxins in food.

Take the potato, for example. Most members of its genus, *Solanaceae*, are poisonous because they contain alkaloid toxins (such as atropine in deadly nightshade). The potato plant's toxin, solanine, is present in the leaves - and in the potatoes themselves if they are exposed to bright light, which triggers metabolic activity and turns them green. Green potatoes are poisonous even if well cooked, because solanine is a heat-resistant molecule. If you have a stomach ache after the Christmas lunch, the reason could be solanine poisoning.

Ian Shaw, head of the toxicology centre at the University of Central Lancashire, Preston, says supermarket potatoes are more likely to go green in your vegetable rack now than they were a few years ago. This is because packers are making less use of Tecnazene, a chemical that inhibits the sprouting of stored spuds.

Tecnazene has been removed on grounds of environmental toxicology, to avoid it affecting other plants. But the consequence for people might be the development of "internally toxic" potatoes, Shaw says.

"Solving one problem may have created a worse one."

Something similar may have happened with a key ingredient of the pudding: the flour that binds it together. Until recently, most flour contained preservatives. Because we prefer additive-free food, these have been removed during the 1990s. Weevils, grubs and other small insects are now found quite frequently in commercial flour, just as they were in the pre-industrial era. Which is preferable, the preservative or the insect contamination, is a matter of taste. Fortunately, neither is very toxic.

A minor ingredient of the traditional Christmas pud is nutmeg. This spice, the grated out of an Asian tree *Myristica fragrans*, contains elemicin, a powerful hallucinogen. Eating large amounts can cause drowsiness, stupor and even death, and there are occasional reports of young people getting high on nutmeg.

A more hazardous nut, the peanut, may be handed round during the pre-lunch drinks. Some people are extremely allergic to peanuts and occasionally someone dies from the most extreme form of allergic reaction to peanuts, known as anaphylactic shock, in which histamines and other biochemical molecules surge through the body, preventing blood flow and breathing.

Allergy is not the only

peril awaiting peanut eaters. If they are not stored properly, *Aspergillus* moulds grow on the nuts, producing aflatoxins. These carcinogens are believed to be partly responsible for the high incidence of liver cancer in Africa.

In comparison with the peanuts, the meal that follows may seem safe. But beware the dimetridazole in the turkey. This antibiotic is fed to intensively farmed birds, to prevent outbreaks of an infection called black head. Although regulations specify that there must be an interval of at least six days between administering the drug and killing the turkey, residues may still have been laid down in the bird's meat.

Dimetridazole is a suspected carcinogen at extremely high doses, but there is negligible risk from the low levels in turkey meat, even for an inveterate turkey eater. "Nevertheless, we should be able to choose whether we take this risk, and organically farmed meat gives us exactly that choice," Shaw says.

Of course, every aspect of life is associated with risks - and rewards. And the range of potential benefits from a Christmas lunch, from savouring the succulent flavour of a turkey breast to finding a lucky coin in the pudding, far outweigh the risks. Do not let this article put you off. Enjoy the meal.

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## BOOKS

# Three cheers for the surprise hits

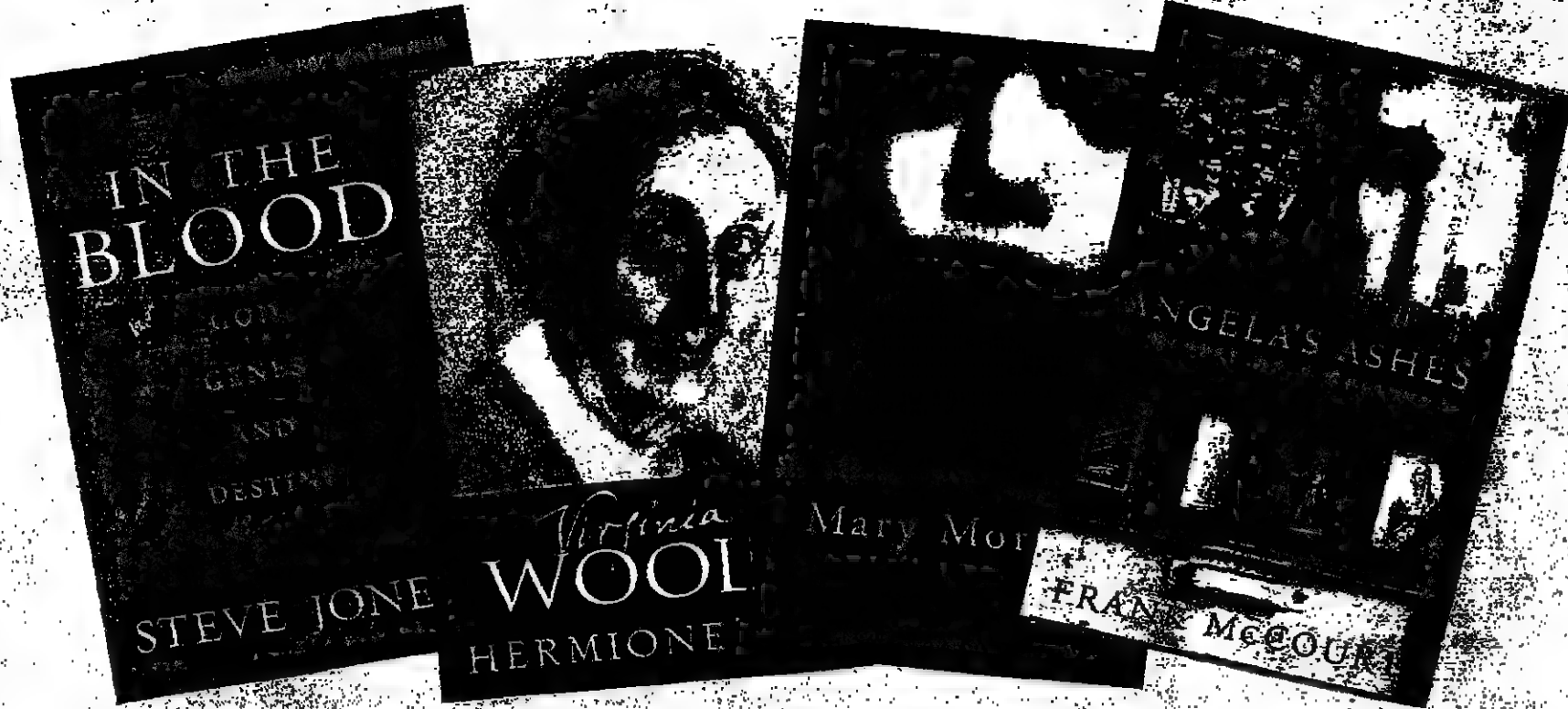
Jackie Wullschlager reviews the year's international bestsellers and finds 1990s obsessions reworked in original ways

Asked a year ago to anticipate the international bestsellers of 1996, who would have come up with a memoir of Irish boyhood and a psychologist's investigation into intelligence? But it is the surprise hits, not the predictable hypes, which really reveal the economics of taste, so three cheers for *Angela's Ashes* (HarperCollins, £16.99), a mesmerising reminiscence of a gruesome Irish childhood by 60-year-old schoolteacher Frank McCourt, and for Daniel Goleman's *Emotional Intelligence* (Bloomsbury, £16.99), which suggests that we cultivate EI - a mix of old-fashioned qualities such as empathy, self-discipline ("impulse control") and moral awareness - rather than IQ, in the search for happiness ("mood-lifters") and success.

McCourt's book has done well in Britain but topped the charts in New York and Europe within days of publication. It is, in Joyce's phrase, a river of memory, tactile, streetwise, lyrical, at once fixed and transcending the daily griefs and joys of a 1930s boy caught between drunken father, helpless mother, dying siblings and pompous priests. Goleman's study, which has sold 170,000 copies - 5,000 in good for a non-fiction hardback - points out that genius is mostly unbalanced and brilliant individuals don't earn top salaries. So don't worry about schools, work on your child's marshmallow test: an infant chooses to wait a few minutes for two marshmallows or grabs one immediately, the decision being "a microcosm of the eternal battle between... id and ego, telling... the trajectory the child will probably take through life".

What do these books share? An ugly duckling optimism (you can transcend what you were born with - moderate IQ, abusive background - by imagination or character), and a reworking of our favourite 1990s themes - childhood, memory, how the past shapes the present - in an original form. I loved the first for its art-out-of-pain triumph and idiosyncrasy, howled at the second for its advocacy of bland normalcy, but commend both as proof that intelligent, eclectic books can swim against the tide of genre blockbusters and enthrall a wide audience.

Among other serious books which gained popular appeal, note the same 1990s obsessions.



*In the Blood: God, Genes and Destiny* (HarperCollins, £20) over 40,000 copies sold) was my science book of 1996; Steve Jones' smelting of science with culture shows how we now ask of genetics the questions once asked of philosophy and theology. Philippe Descola's *The Spears of Twilight* (HarperCollins, £20) reshapes our idea of the primitive in an exploration of an Amazonian tribe untouched by modern life yet as soap-operatically complex as any human community; this French anthropological masterpiece has the drama of a techno-thriller.

In fiction, it is no coincidence that three of 1996's strongest novels were about babies, roots, childhood fears and fantasies. Mary Morley's *Mother of Pearl* (Cape, £9.99), about a kidnapping, and Seanam Deane's *Reading in the Dark* (Cape, £9.99), about family secrets in the 1950s, both on the Whitbread shortlist - Deane was also a Booker contender - are exceptional first novels by Irish writers; Margaret Forster's

*Shadows Baby* (Chatto, £15.99), picks up the themes of motherhood, guilt, abandonment, of her memoir *Hidden Lives*. As the Booker shortlist showed, the historical novel, once derided as escapist, is a vibrant force in fiction. Margaret Atwood's *Alias Grace* (Bloomsbury, £18.99) and Beryl Bainbridge's *Every Man for Himself* (Duckworth, £14.99) are bold but intimate retellings of shocking historical incidents - a double murder in Canada, the last days of the Titanic.

Another *fin-de-siècle* nostalgic trend is the "decade" novel - the 1960s in A.S. Byatt's *Babel Tower* (Chatto, £16.99), Shena Mackay's *Chintz-and-crumplets* 1960s in *The Orchard on Fire* (Heinemann, £12.99). Our most eminent historical novelist, Penelope Fitzgerald, won the 1996 Heywood Hill Prize for a lifetime's achievement in books, and her great love story, *The Blue Flower*, appeared in paperback (Flamingo, £5.99). The Heywood Hill, founded last year in response to a series of outlandish Booker choices, seems already to have

had a sobering effect on the Booker, for 1996's shortlist and winner - *Last Orders* (Picador, £15.99), Graham Swift's fine, taut portrayal of landscape and memory - were uncontroversial, distinguished, accessible.

For bestselling classic, there is no beating Jane Austen's *Pride and Prejudice* (430,000 copies sold in the Penguin edition alone since the BBC television serial last December). The rise of the classic is a marked feature of publishing in 1996. Anne Brontë's *The Tenant of Wildfell Hall*, for example, which usually sells 10,000 copies a year in Penguin, has sold 40,000 since the BBC serial last month. The classic *Emma* (Fourth Estate, £12.99) vied with Rachel Billington's smarter *Fragrances* (Sceptre, £14.99). Tennant's dreadful sequel to *Pride and Prejudice*, *Pemberley* (this year in paperback, Sceptre £5.99), has sold 140,000 copies.

Biography, the motor for our current interest in history, had a bumper year. Major achievements were Hermione Lee's groundbreaking *Virginia Woolf* (Chatto, £20), the second volume of the stately three-author *Laurie R. King's* *Triumph to Exile* (Cambridge, £29.95), by Mark Kinkadee-Weekes, and the second volume of John Richardson's *A Life of Picasso* (Cape, £20). Biographical battles - there were two *Thomas Mann*, two *Louis Carroll*, two *Samuel Beckett* - testify to the current rush on literary subjects; of these, I vote for Anthony Hellbut on a homosexual Mann (Macmillan, £20) and Anthony Cronin on Beckett's last modernist (HarperCollins, £20).

Editions of letters, which bring us closer to an individual voice than even the greatest biographies, is another area where scholarship is dovetailing with popular interest. 1996 highlights were *Dear Writer, Dear Actress* (Methuen, £18.99), the heart-breaking letters of Chekhov, III and exiled to Yalta, and his wife Olga Knipper, stuck in Moscow as the star actress who brought

his plays to life, and *Speak Love* (When You Speak Love) (Hamish Hamilton, £20), the bitchy, earthy correspondence of Kurt Weill and Lotte Lenya, which captures the heart of Weimar Germany.

The 1990s are seeing a move away from Victorian lives to subjects at the beginning and end of modern history. With Julie Kavanagh's *Secret Muses: The Life of Frederick Ashton* (Faber, £25), and Michael Billington's *The Life and Work of Harold Pinter* (Faber, £20), each a wicked mix of gossip, psychology and cultural landscaping, the contemporary arts biography comes of age. Among Renaissance books, Diarmuid MacCulloch's *Thomas Cromwell* (Yale, £29.95) brings a figure fixed for most of us in exam-answers instantly and agonisingly to life - this is the star of the Whitbread Biography shortlist. *Giorgio Vasari: Art and History* (Yale, £25), by Patricia Lee Rubin, winner of the 1996 Eric Mitchell Prize for art history, reshapes our view of Vasari as a cultural pioneer

who made the link between artistry and genius so familiar that it now seems inevitable. Welcome, also, to an elegant new *Everyman Lives of the Artists* (£30).

For popular biographies, royal women were flavour of the year. Respectful lives, with a dash of gossip, of *The Queen* by Ben Pimlott (HarperCollins, £20) and Sarah Bradford (Heinemann, £20); the page as the confessional for the tacky Duchess of York (*My Story*, Simon & Schuster £15.99) and her tackier rival biographers, verve and colour from Flora Fraser on Queen Caroline, George IV's cast-off wife, in *The Unruly Queen* (Macmillan, £20) - a Whitbread contender - and from Diana Souhami on *Mrs Keppel and Her Daughter* (HarperCollins, £18). Alice Keppel was Edward VII's lover and great-grandmother to Camilla Parker-Bowles, which is perhaps why this made the bestseller lists.

As gifts for any Scrooges in the family, two Christmas ideas. Michael Camille's *Master of Death* (Yale, £25), about the representation of death in art, is appropriately un festive yet visually stunning. *Founder* (HarperCollins, £20) is a riveting tale of how money talks: Amos Elon's biography of the first Rothschild who founded, from a cramped ghetto home, the dynasty which brought kings and princes begging at the door, is the story of the invention of multi-national haute finance and a moving family memoir.

Finally, some fat, beautiful books which would be a treat at the bottom of any Christmas stocking. Shirley Hughes' *Enchantment in the Garden* (Rodley Head, £9.99), my children's book of the year but, like all great children's books, also for adults: a tale of imagination and loneliness in Italy by an artist of entrancing power. A sumptuous memento of Copenhagen as 1996 City of Culture, *The Golden Age Revisited* (Gyldendal, DKR295) is an exquisite, illustrated history of the city's 19th-century Golden Age, which reads like a foreign *Middlemarch*, about a set of brilliant, crazy, claustrophobically united individuals, from Hans Christian Andersen to Kierkegaard. And, literary event of 1996, Vladimir Nabokov's *Collected Stories* (Weidenfeld, £25) - rapture packed between hard covers.

## Rereadings/Clement Crisp

### Money-grubbing Victorians

When Robert Maxwell's financial skulduggery became public, an astute commentator compared him with Augustus Melmotte. "Who's Melmotte?" asked a friend. The short answer was "A blistering scoundrel in one of Trollope's best and darkest novels", but this did less than justice to Melmotte or to *The Way We Live Now* wherein he features, which is my suggestion for a spiffing Yuletide read.

For those of us not addicted to the fictitious jovialities of the season there have to be means of retreat to saner, quieter regions. What better than a roaring triple-decker novel? So, for a Christmas rereading, let me offer you *The Way We Live Now*. Published in 1874, it is Trollope's portrait of money-grubbing in the heyday of Victorian greed, when the stiffest social manners were faced with the lure of gold and the concomitant financial sharp-practice and fortune-hunting.

Its narrative is convoluted, constantly fascinating, yet its characters are almost all flawed and unsympathetic. It presents social attitudes at a crucial time, when early Victorian prejudice (against "trade"; against Jews) yields under the pressures of financial reward and commerce. "You know as well as I do," says a

no-longer young woman contemplating marriage with a Jewish banker, "that that kind of thing is all over now. City people are just as good as West End people".

The narrative centres upon Augustus Melmotte, of dubious antecedents and even more dubious reputation, whose financial bravado and manipulative skill have suddenly

worlds, of the links and connections which take us from a fearful club, The Beargarden, patronised by drunken and spendthrift young aristos, to the House of Commons, to deepest Suffolk and a country family on its uppers, has a stunning energy. His world is alive, teeming, and - what gives an added zest - the title seems not inapposite as we look at our own society a century later. There are still "exaggerated commercial cormorants" (as Trollope calls Melmotte), and still those who feel of such people that "he is one whom we would not admit to our kitchens, much less to our tables, on the score of his own merits. But because he has learned the art of making money, we not only put up with him, but settle upon his carcass like so many birds of prey."

So we see the circling crowd of innocents, gulled by Melmotte's display of wealth, who hope that his Midas touch may enrich them. Where Trollope is especially good is in the gradations of social custom and belief, in those nuances of behaviour and feeling about whom one may know and whom one may not. It is an intriguing sidelight in a book which fixes acutely upon the social position of Jews at this time, that the most honourable character is the banker, Bregent, who seeks to marry the daughter of a Suffolk squire. The father's diatribes ring horribly but truthfully.

Bregent's grace of spirit is the only touch of reasoned dignity in the tale.

Trollope's panorama of this gold-rush is drawn with a beady eye. He does not, I think, moralise unduly, but he has no illusions. There results a picture which convinces utterly, and as it was first conceived as a serial, the onward drive of the action drags us happily along. It is time-travel of the most rewarding kind. And it is in paperback.

## A change of face for Santa Claus

Susan Moore on traditional and not-so-traditional books for the very young



"Bunched like a fist I clench fur as Great Lynx creeps on big cat's feet." Small boy meets big cat in Jonathan London's winter's tale, *Let the Lynx Come In*. Set in a moonlit snowscape, the book is illustrated by Patrick Benson (Walker Books, £9.99).

is Sally Gindley's *Little Elephant Thunderfoot* (Orchard Books, £9.99) which moves from Thunderfoot's birth to the death of his grandmother, Wise Old One, at the hands of poachers, to the elephants' fear and their remarkable and moving ritual of mourning. There is a postscript of "elephants", the last of which is that an elephant's only enemy is man.

The warnings of the conservationists have obviously been unheeded in Colin Thompson's futuristic tour-de-force, *The Tower to the Sun* (Random House, £9.99). For the last 20 years, the earth has been covered by a pall of yellow fog, shrouding mountains and skyscrapers alike and bathing all in a queasy twilight. The richest man in the world decides he wants to see blue sky and feel the warmth of the sun one last time. So, on the big-

gest rock in the world - Ayres Rock - 10,000 people begin to build a city to the sky.

Colin Thompson confects a fantastical, Bruegel-esque Tower of Babel with the help of a machine that can move entire buildings from any corner of the globe. Up and up they pile until out pop the man and his grandson - and eventually everyone else in the world - atop the Tower of Pisa, to bask in the sunshine.

So few modern children's books seem to spin a really good yarn that it was a delight to find a number of exotic folk and fairy tales. In *Lao Lao of Dragon Mountain* (De Agostini, £9.99), Margaret Bateson-Hill draws on the traditional themes of Chinese folk tales to create her original story - in Chi-

nese as well as English - of Lao Lao, the old peasant woman who enchanted children with her beautiful paper-cuts - that is, until the cruel and greedy emperor learnt of her skill.

*Katie and the Dream-Eater* is a tale of the fabled baku who look after young children at night by eating up their bad dreams. It is brought to us by the Harvard and Oxford-educated Princess Takamado and engagingly illustrated by Brian Wildsmith (Oxford, £9.99).

Far less benign is the monster from the lake, Nabulela. In her book of the same title, Fiona Moodie re-tells a North Nguni folk tale from South Africa (Andersen Press, £9.99). Christina Ball offers striking illustrations to Christopher Moore's engaging adaptation, *Ishtar and Tammuz: A Babylonian*

*Myth of the Seasons*. Aubrey Beardsley at the Ishtar Gate (Frances Lincoln, £9.99).

Brian Wildsmith's baku is a kind of psychedelic Elmer, and our old friend, David McKee's patchwork elephant, pops up again this Christmas, literally this time, with *The Elmer Pop-Up Book*, a rather superior and amusing example of its genre (Andersen Press, £11.99). New tales of more old familiarities also take a seasonal bow, from Judith Kerr's *Mog and the Vee-Ee-Te* (HarperCollins, £9.99) to Mick Inkpen's book and tape of *Kipper's Snowy Day* (Hodder, £9.99).

Jane Hissey fans will not be disappointed by the surprise resident of the playroom, *Hoot* (Hutchinson, £9.99). Nick Butterworth gives us more adventures of Percy the park-keeper in *The Treasure Hunt* (Collins, £8.99) and, for the smallest hands, there is a new open-the-flap Spot, *Spot Visits his Grandparents* (Warne, £7.99).

With notable exceptions - among them another of Jo Lodge's funny sing-along pull-the-tab books, *If You're Happy and You Know It* (Bodley Head, £3.99) - I am throng of inter-active gimmickry. The tabs tend not to work or last well, and with so few words they are not much entertainment for the person watching all the pulling, lifting or turning - or in the case of Anna Nilsson's *Where are Percy's Friends?*, the guiding of puppy through the slots.

I admired much more the boldness and clarity of Christopher Wormell's first book, *What I Eat* (Jonathan Cape, £4.99) and Steve Lewis' noisy farmyard counting book, *Cock-a-doodle-doo* (Ragged Bears, £5.99).

I also applaud the idea behind Hannah Roche's baking bonanza for over three, *My Gran Is Great* (De Agostini, £4.99). Between unpunctured rereadings of *The Night Before Christmas*, we will be cribbing its recipe for our Christmas cookies.

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## BOOKS/ARTS

Television/Christopher Dunkley

## No smiles for smut

It is hard to imagine how anybody came to make *Gogs* which begins on BBC2 at 8.50 this evening. The only hint is in the billing which reveals that this is an Asaargh Animation Production for S4C (the Welsh language channel) in association with BBC Bristol. The Animation Unit at Bristol is the home of Wallace and Gromit, the creations of Nick Park who has had such a huge success with his stop-motion cartoons using Plasticine models, and *Gogs* uses similar techniques. But that is hardly explanation enough, unless you believe that the makers of *Gogs* looked at *The Wrong Trousers* and said "This is all very charming and funny, but there are no pees and poos here."

The *Gogs* are a family of cave-men who remind you vaguely of the Flintstones. However, this being 1996, and British television being the last bastion of stone-age feminism, it is Mum who drags the men home by the hair, and brainy daughter who draws helicopters on the wall of the cave while her dim brother goes "Flubber, flubber, flubber". It is hard to say who farts loudest or most often, Grandad or the baby. However, Baby Gog is unquestionably the winner when it comes to producing the largest stools and the most urine.

In Episode 1 they invent bows and arrows, shooting them into one another's heads, and one pulls the arrow out of his ear liberally coated in his own brains. Mum wipes Baby's bottom with a large leaf which she throws over her shoulder where it wraps itself around someone's face. In Episode 2 the chase to catch a dinosaur but, being mere males, prove far too stupid and are kicked repeatedly in the genitals by the animal. Having fallen into their own warbling trap they are covered in excrement and urine by the warbling. And so it goes on. It is conceivable (just) that kindergarten smut of this type and quantity could be redeemed by overwhelming charm, but it does not happen.

Could this be one of the first pieces of work to reach mainstream television from young people brought up on computer games? It is only a guess, and a forlorn one, but it is difficult to think of another explanation.

Tomorrow afternoon's episode in *Citizen 2000* (3.45 Channel 4) is the latest in a very long running series. It began 13 years ago, documenting the lives of 30 Brit-

ish children due to reach adulthood, formally anyway, in the year 2000. Inevitably this series is compared (sometimes detrimentally) to Granada's famous *Seven Up* which, beginning with a *World In Action* special in 1964, has been recording the lives of children at seven year intervals. Tomorrow's *Citizen 2000* brings its children together to discuss life and their lives, and - the most powerful element in these programmes - to contrast today's individuals with their previous selves as seen in earlier episodes.

It is of course, fascinating to watch people develop before your eyes, rather like a human version of those time-lapse film sequences in which a green shoot pushes out of the ground and blossoms into a flower in a few seconds. And yet, for all their youth and freshness, these brand new teenagers are not the most inspiring young people you have ever seen. There seems to be no spirit of rebellion among them, no determination to lay the world by the ears. They are, on the whole, boring, dutiful little beings who ape their parents and mouth platitudes.

True, Alexander - who looks like a rich sprig invented by *Spitting Image*, riding an off-road motorcycle around the family's thousand-acre estate and talking in Princess Di tones about "Rilly rilly good friends" - blows the gaff on the producers. He reveals that, in a previous programme, they promised not to use some remark of his about sex or girls, and then reneged. Including the revelation this time is presumably the producers' way of restoring trust. But you might have hoped that by the age of 18 one or two of the subjects would have started saying "Play games for your camera? No thanks, I'm off!" Instead they seem ridiculously compliant, and in some cases, far too keen on playing up to the lens.

Perhaps we just need to wait a bit longer before we start seeing this series at its most effective. *Seven Up*, which must be due to reach 42 *Up* in 1998, gained its greatest fame with the episode in which its subjects reached the age of 28. In particular millions of viewers were struck by the change in a man named Neil who had been so lively when younger but become so lonely and depressed in adult life. This can be a peculiarly powerful form of television.



Caught up in the dark, bright, funny underside of New York society: scene from Richard Eyre's staging of the Loesser/Rumyong musical Alastair Muir

## Wild about the show

No-one could remain unmoved by this 'Guys and Dolls', writes Alastair Macaulay

Well, if this Christmas brings any present better than Richard Eyre's revival of his celebrated 1982 staging of *Guys and Dolls*, it will be a more than merry one; it will be jubilant. When did we last see an instant standing ovation on press night? And it is handsomely timed. Not only is it a lustrous part of Eyre's farewell season at the National - in 1992, it was his debut production at this theatre - it also commemorates the anniversary of Damon Runyon's death, 50 years ago this month.

As Act Two gets onto its great roll of classic songs, it seems that only the most shrilled of souls could resist them or it. At some point in "Luck, be a Lady", shivers pass down my spine, and they keep returning from then on. The real seduction, however, has begun long before, as early as the first number of Act One: a canonic male trio that gives us vintage Runyonesque in an insidious overlay of syncopated vocal lines. Frank Loesser was one of the musicals' few masters of ensembles. Again and again, he creates - in musical terms - a world that celebrates human diversity and shows the larger harmony that can contain dissimilar people.

Which leads us to one of the main reasons why *Guys and Dolls* is deservedly loved: it absorbs us in

the world it creates. In truth, other (older) musicals have (yet) finer songs and scores, brighter wit of music and lyrics, greater ebullience, more expansiveness of spirit. But very few can touch *Guys and Dolls* in catching us up in a milieu. The dark, bright, funny New York society it assembles of gamblers, gangsters, showgirls and missionaries is intensely cartoonish in some ways, bizarrely stylised in its Runyonesque parlance in other ways - and yet it gives us a locale and a climate that we inhabit with glee.

The elaborate language of these people is so artificial - and yet they are spontaneous. And all of them are such small fry - and yet they express themselves with such lyric intensity. For behind the apparent corruption of the men are good manners and good faith; and behind the good manners and good faith, there is real innocence.

The whole contradictory nexus comes together in that great song "Sit Down, You're Rocking the Boat" - the *Guys and Dolls* nexus of corruption and innocence, artifice and spontaneity, littleness and largeness, individuals and ensemble. Watching and listening to this show-stopper, we rejoice, we laugh - but am I alone in also finding that, through the delight, it brings me close to tears? I hope not. Any-

way, the house, rightly, goes wild. *Guys and Dolls* is, in the truest sense of the word as well as the usual one, fabulous.

The triumph seems Loesser's; but this is a great tribute to Eyre's production. The last Broadway production (1998), though much lauded, did not affect me this way. I can find fault in individual members of the cast - Henry Goodman's Nathan Detroit does not quite recapture the mellowness of his singing with the overdone artifice of his acting style; Joanna Riding's winning Sarah Brown slightly overdoes the role's several abandoned extremes of the role. Clarke Peters, beautifully relaxed in voice and manner, sings very flat in "My Time of Day" and never enters the noble authority of a true Sky Masterson. But each of them is caught up in something larger than themselves, and deserves applause. To watch Riding simply listen to Peters, neither face nor body moving for a long while, is very affecting, and her singing has a kind of truth that is very rare in musicals today.

Imelda Staunton - as doting, loyal, too-long-engaged, fretful, seething Miss Adelaide - is superlative: a cartoon character rendered three-dimensional, and sung with exceptional variety. I love the way, during her lament, she gently, nasally, punches each syllable as she works out the reasons why "a person can develop a cold";

and then the brief but wonderful passage of droll singing in which she reaffirms her faith.

Clive Rowe is the Nicely-Nicely who brings down the house with "Sit Down, You're Rocking the Boat". He speaks in a high, tight, caricature voice that is already funny; he can dance well too, better than so plump a man has any right to; and when he lets rip vocally in the final "Sit Down" encore, with a firmness of top and middle to the voice that beggars belief, he is transcendent. As the Mission's lady General, Sharon D. Clarke has a great moment here too, standing on the tabletop with strings of pearls across her uniform and belting out a huge soul-sister descent. Wayne Carter, as Benny Southstreet, perfectly matches Rowe in the title song, singing well and dancing better.

"I've always thought how wonderful he would be if he was different," Miss Adelaide says about Nathan. But there is little I would want different about this production. John Gunter's sets, Sue Blane's costumes, and David Toguri's musical staging all add to the show's feeling of ebullience and perfection. Just to watch all the gamblers' hand choreography during "Luck, Be a Lady" is a joy.

In National Theatre repertory at the Olivier Theatre, South Bank, SE1.

Theatre  
Slowly down the river

Greenwich Theatre's Matthew Francis is becoming something of a veteran of the fashionable art of adapting novels for stage. His *Northanger Abbey* and *Tale of Two Cities* were laudable examples; now he has taken on the challenge of *Huckleberry Finn* as the theatre's Christmas show.

It is a choice that Huck's friend Tom Sawyer would heartily endorse, being as it is, fraught with tricky problems to overcome. Sure, the novel offers a powerful and tantalising image: young Huck and Jim, the runaway slave, floating down the Mississippi on a raft. But how do you suggest the sprawling, picaresque nature of the novel and keep the action taut enough for the stage? How do you get across the mighty presence of the Mississippi? How do you preserve the untutored voice and free spirit of *Huckleberry Finn* and convey Twain's more cynical view of the people he encounters? And how do you control the many sub-plots and characters and still keep the play focused?

For the most part, Francis (who also directs) negotiates his way around these difficulties with great success. Quickly he establishes who Huck is and what he has to contend with: the threatened return of his violent, drunk father or the well-meaning admonishments of the spinster who has taken him in. We are led jauntily through Huck's exploits, as he stages his own death and runs away, only to meet up with Jim, who has fled in fear of being sold to an unprincipled slave-trader. Francis threads nimbly through the story as the two float downriver on their raft.

This stage version manages to preserve the fact that this is an adventure story, while never losing sight of the serious issues at its heart. Huck's decision to stand by Jim, in defiance of all he has been taught about slaves, is a profound endorsement of the abolitionist's cause.

Indeed, the most successful aspect of the production is the relationship between Huck and Jim. Daniel Newman plays Huck with an appealing mixture of innocence and wisdom and Clive Llewellyn leads Jim with great dignity and warmth. In the first half when their relationship is at the centre of the story, the production goes swimmingly. It is after the interval, when the story widens out to take in some of the odd characters they meet that the play begins to sag and the production with it: a bit of fierce pruning could only do this bit good.

Once Jim is recaptured and the story proper gets back on the tracks, the show becomes gripping again. But there is much about the production that is very good and the cast are most enjoyable, particularly Andrew Muir as the self-styled buccaneer, Tom Sawyer.

Sarah Hemming

Greenwich Theatre, London SE10 to January 25 (0181 888 7758).

A man might think it odd if his wife gave him a book of fairy stories for Christmas. But he would happily tell the neighbours that she had taken him to Mozart's *Magic Flute* or to Shakespeare's *A Midsummer Night's Dream*, which depend on fairies and talking animals as much as any children's tale.

Magic can certainly be enjoyed by adults, not only in Homer or Shakespeare but in poetry such as Tennyson's *Morte d'Arthur*, in science fiction, and more subtly in the stories of magic realists such as Gabriel Garcia Marquez or in *Sophia's World*, the bestselling philosophy primer by Jostein Gaarder.

Even so, true fairy tales are widely thought to be unsuitable for unaccom-

## Fairy tales for adults

Max Wilkinson on the best of the 1996 audio books

ned adults, as some readings in the growing library of audiobooks sadly confirm. However, two new versions of *Grimm's* and *Hans Christian Andersen's* fairy tales in Penguin's Children's Classics series break triumphantly across the age divide.

Two of the four readers, Andrew Sachs and Alan Cumming, are veterans of Penguin's 18-hour verse anthology, a truly magical performance which I reviewed last Christmas (Penguin English Verse in 6 volumes, £9.99 each). Both bring to these classic tales that blend of high serious-

ness with humour so essential to good poetry reading. They are joined by Nigel Davenport and Juliet Stevenson, who share the ability to convince us that they believe what they are reading.

Thus old favourites such as "The Emperor's New Clothes" become wonderfully charged with satire. This is not just about an emperor who walks naked through the streets. Davenport's inflections show the politics of leading a whole town to believe that emperor was robbed - or rather to reject the belief that he wasn't. He understands (as great writers do) that magic achieves its best effects when the audience is lulled into a sense of normality.

A different reading of the same story by Erica Johns (Andersen's *Fairy Tales* - Naxos Audiobooks) shows how easy it is to break the spell and make such tales seem only childish. Johns reads technically well, with all the funny voices, but it is done in a slightly patronising told-to-the-children tone - with special stress on nouns and adjectives to ensure that the young do not miss the meaning. She also emphasises the points of strangeness which might make children smile and adults fidget. She thus turns the story into a wonder of far-off lands, whereas Davenport's rendering reminded me of British party politics.

Yet one should not take fairy stories too seriously, as Simon Callow does in his reading of Oscar Wilde's *Fairy Tales* (Hodder Head-

line £8.99). These are, indeed, tales of great beauty and moral purity. But Callow enunciates them with too elaborate a perfection. I caught myself being irritated by the little nightingale who sang all night long with her heart pressed to a thorn, making the white rose red. She is surreal, of course, but she must also be an ordinary bird.

Adult perceptions of children's fantasies create special difficulties for a reader

The greatest of all adult fantasies is Homer's 'Odyssey'

of Arthur Ransome's *Swallows and Amazons*. Although the book delights many grown-ups, others consider it silly: just six children pretending to be pirates and explorers. Its imaginative power is to create a heightened perception of the natural world through children's fantasies. Sheila Mitchell's reading of the full text (ISIS £24.99), creates a fatal obstruction to this understanding. She uses her skills as a mimic to give each character an identifiable, childish, voice. This fixes them as children and their fantasies as childish games.

But Ransome's genius was to colour an acutely observed lakeland scene with the magic of make-believe. It was not just Titty

pretending that a small Cumbrian promontory was overlooking the Pacific. Ransome wants the reader to believe it too, and to catch the wonder of stout Cortez as he stood surveying that ocean for the first time, "silent upon a peak in Dartmoor". For this reason, the children must seem more grown up than they really are - and the adult world more trivial.

For any who are not convinced, I would unhesitatingly recommend the greatest of all "adult" fantasies, Homer's *Odyssey*, splendidly read by Alex Jennings (Penguin, 8 hours, £20.99). E.V. Rieu's pioneering prose translation, now updated, sounds to my ears just a little - well, prosaic - compared with the later blank verse translation by Robert Fitzgerald. However, Rieu succeeded well in his main object, which was to make the great poem easily accessible to any English speaking reader. These tapes, reverting perhaps a little towards the ancient tradition of reciting Homer, certainly bring the epic vividly to life.

That other great *Odyssey*, James Joyce's *Ulysses*, benefits even more from being read aloud. I was not the only student who found that reading it was a difficult pleasure. The performance by Jim Norton with Marcella Riordan chipping in as Molly Bloom (Naxos, 4hrs 50 min, £9.98) is a revelation. Norton brilliantly dramatises the inner musings of Leopold Bloom, with rapid shifts in the colour of his voice to

suggest all the dimensions of reality in this day in the life of Dublin city in 1904. He is also wonderfully Irish, making the characters spring to life from Bloom's inner musings then subside again. Norton holds this work with the surest of touches, as the prose swerves between learned irony, broad humour and Joyce's delicate moments of beauty and pathos. His rendering of the catechism, in pedagogic-official, of Bloom's and Dedalus's drunken progress through the city brings tears to the eyes. It should have been longer.

If you have time and money left, find £12.49 for the 1964 Broadway recording of Richard Burton's towering *Hamlet*. The sound quality is dated, and the American actors do not match his genius, but this is surely a performance against which all others will be measured. Burton also recorded a faultless selection of John Donne's love poems (Harper Collins £6.98) and his famous reading of *Under Milk Wood* is reissued by the BBC (2 CDs, £11.99). All are musts for Burton fans.

Finally, I greatly enjoyed Dirk Bogarde's reading of Thomas Mann's *Death in Venice* (Reed £8.49), was deeply irritated by the first of the BBC history series, *This Sceptred Isle* (10 vols, £89.99) and give a reluctant "maybe" to Philip Madoc's reading of *The Decline and Fall of the Roman Empire* (Naxos, 7hrs 53min, £16.99). Madoc rather chops up Gibbon's sumptuous prose, but one can get used to anything in such a cause.

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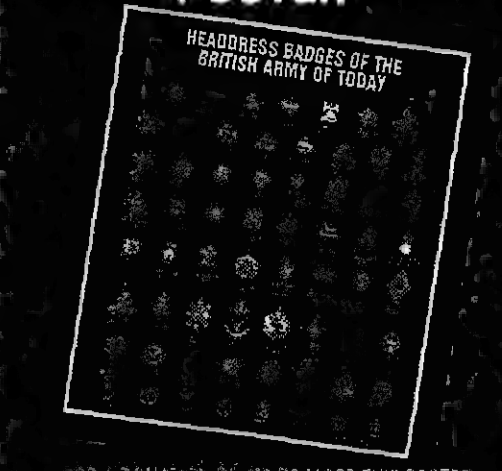
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## ARTS

Martin Hoyle goes in search of the seasonal spirit, starting with music and opera on TV

## The Devil has the best tunes

Let's pass quickly over such ersatz treats as BBC2's unworthy *Christmas in Vienna* this afternoon: faves sung by Domingo and Michael Bolton, introduced by Paul Gambaccini. Being besieged by the Turks afforded the Habsburg capital more dignity than this. Tomorrow afternoon's *Messiah from Scratch* is probably more fun to attend five than to watch (2 again), but it is as Christ-massy as a nervous BBC television allows itself to be these days.

Even the Service of Nine Lessons and Carols from King's (the radio is not ashamed of calling it this) is billed in the ZTV section of Radio Times simply as *Carols from Kings* (Christmas Eve 4.5pm) with the nauseating RT blurb about "time to cluster around the TV for a spot of communal singing" - have these people the faintest idea what the service is?

Christmas Day is marked by a burst of Victorian religiosity, rather surprisingly by Channel 4 - though their broadcast of Welsh National Opera's *Faust* takes a controversial view of Victorian

hypocrisy. Richard Fairman judiciously commented on the vitality, abundance of ideas and occasional humour of Christopher Alden's production, and there's no doubt about the musical quality: Sir Charles Mackerras conducts, Janice Watson, Britain's latest home-grown international star, is the ill-fated Marguerite, and Alastair Miles romps off with the (dis)honours as the devil usually does.

Promptly as *Faust* ends switch over to BBC's *Ariadne*, another superb operatic occasion. Produced by Christopher Alden's twin brother, the even more controversial David (the producers' names are mentioned nowhere in RT), this is the stylised ENO version whose hallucinatory baroque looks marvellous on the small screen. Ann Murray, in one of her greatest roles, Joan Rodgers and Lesley Garrett lead a vintage cast.

After the tales of seduction, diabolism, greed and insanity which the media see fit to celebrate Christ's nativity, it is a relief to turn to the traditional transves-



Humping off with dishonour scene from WNO's 'Faust' on Channel 4

tion of Boxing Day. Not a panto as such, but *Swan Lake*, the sold-out production by Adventures in Motion Pictures with its all-male line-up of swans.

More traditionally, Rosini's *Cenerentola* starts at lunchtime, with the toothsome Cecilia Bartoli as an Italianate Cinderella. Both

BBC2, which has also been playing host to the *Choir of the Year*. The six finalist choirs slug it out on Sunday Dec 29.

As ever, the New Year is sealed with a concert from Vienna (Jan 1 BBC2). Riccardo Muti conducts the world's best, if last all-male, orchestra, introduced by by

Brian Kaye. Operatic zoology features largely on Jan 2, as BBC2 gives us the Paris Châtelet production of Janáček's *Carmen* Little Viera, produced by Nicholas Hytner and conducted by the ubiquitous (and very welcome) Mackerras; and Channel 4's lunchtime is enlivened by an animated version

of *Ariadne and the Dolphin*, whose larger-scale human effort, where, unlike Radio Times, they doubtless knew the name of the composer. The libretto is by Vikram Seth, but it lasts a mere half-hour. May all the new operas 1997 brings you be that length.

## Old films and fossicking

As ever, the BBC has appropriated Christmas, combining frivolity with quality (that phrase is copyright). Channel 4 seems uncertain what attitude to take to the festivities and falls back excessively on old films. The BBC has a wealth of resources to draw on.

If we grift our teeth at the prospect of tonight's *Jim Davidson's Generation Game* ("there's a game involving giant balls"), we can console ourselves with the now traditional Christmas *Only Fools and Horses* - making its farewell to the screen (three specials starting on Christmas Day).

More jolly seasonal fare with *Cruel Truism* (tomorrow BBC2): an updating to the 1940s of Zola's *La Bête Humaine*. Lust, murder, blackmail and locomotives, with David Suchet, Saskia Reeves and Alec McCowen.

Even that old Christmas stand-by, Dickens, begins a series of *An Audience with Charles Dickens* by reading

and performing the murder of Nancy from *Oliver Twist*. Dickens himself would be physically and emotionally exhausted by his efforts. Who better than Simon Callow to re-incarnate fruity theatricality? (Monday, BBC2).

Traditional values are also upheld by the charming *Everyday Story of Country Life*, the magazine of that name blithely continuing to uphold aspects of British life that politically-correct townies snarl "never really existed" but which may be more durable than political-correct townies.

Christmas actually gets a look in on Christmas Eve with a Brittas Empire special, *Surviving Christmas*. An acquired taste with a dash of surrealism, beautifully performed (BBC1). Mrs Merton has her special, while BBC2's *Arena*: Cae-

sar's *Writers* recalls an American comedian who flopped on British TV but whose scriptwriters became famous (Mel Brooks and Neil Simon among them).

M e I'll plump for the fascinating *Being There* - *Antarctica*. From snowy to sandy wastes: *Saint Ex* (Christmas Day, BBC2) fields a starry cast - Miranda Richardson, Bruno Ganz, Janet McTeer, Eleanor Bron - in the story of writer-pilot Antoine de Saint-Exupéry.

Boxing Day's *One Foot in the Grave*: Starbound combines over-familiar situations with improbable plotting. I think this series should let the other foot in by now (BBC1). *Fine Cut*: Crumb (BBC2) also looks familiar: the creator of Fritz the Cat has been treated

before on TV though not perhaps so frankly.

Dec 26 sees the return of that established favourite, the series of Royal Institution Christmas Lectures. Professor Simon Conway Morris takes children - or, fossicking (BBC2). That other fossil Victor Meldrew appears in the shape of actor Richard Wilson, learning to be a cowboy in *Way Out West* (Dec 26 BBC1). Obvious

idea obviously exasperated.

More worthwhile, the sort of adaptation the corporation does so well, is *The Moonstone* (Dec 29 BBC2). Wilkie Collins' thriller, the first English detective story (with Anthony Sher as the trail-blazing Sergeant Cuff) comes with a good pedigree (director of *Chariots*, actors *From Sensation and Sensibility* and *Kareoke*).

The year expires in a

morass of round-ups, repeats, retrospectives and golden moments, but 1997 breaks promisingly with *Global Sunrise: Around the World in 80 Minutes*, which is just that; and *The Mill on the Floss*, George Eliot directed by Graham Mackintosh (of *The Politician's Wife*), both on BBC1, Jan 1. And for inimitable light entertainment on BBC2 who better to salute the New Year than Portuguese super-singer Tony Ferrito? The old world's answer to - or - a question that has to be found.

## Radio drama - and off-beat quirkiness

The last word associated with the lugubriously-toned John Peel is "festive".

Addicted popsters will doubtless snoot through his three-hour *Festive 50* on Radio 1 this afternoon. Radio 2's *Dame Edna's Annual Experiences* (5pm) is more like it (guests range from J. Lumley to S. Bassey via Lady Healey and Lord Archer). Vivian Ellis's underrated melodic changes are remembered in *Spread a Little Happiness* tonight (Radio 2). So are pig farmer Miranda Shuf-Zlebotham (I kid you not) and mobile beautician Amanda, in Angela Rippon's survey of grooming, *The Way You Look Tonight* (5pm).

Otherwise Radio 2's scoop is archive material including Jack Benny (tonight) and Laurence Olivier in *A Christmas Carol* (Christmas Eve), more successful than the ancient radio versions of screen classics with James Stewart and John Wayne. And heretics may feel Gielgud and Richardson as Holmes and Watson in *The Blue Carbuncle* (a 1982 BBC production on Christmas Day) pale before Carleton Hobbs and Norman Shelley in the great days of *Children's Hour*.

Drama is better served by Radio 3's conscientiously multi-racial *Cymbeline* (Dec

22) with Juliet Stevenson as Imogen, a part she was born to play. Dame Edna pops up again, confiding her *Private Passions* to Michael Berkeley on December 28: her musical choice ranges from the Andrews Sisters in *Khachaturian* (yes!) to Percy Grainger's "Gum-Suckers' March". Well, we did ask.

Radio 4 predictably comes up with the greatest variety. Drama includes Frances Hodgson Burnett's *Little Princess* this afternoon with a good cast led by Julia McKenzie. Tomorrow's *Alice in Wonderland* looks even more promising, with Roy Hudd, David Bamber and Ken Campbell among the fantasy characters encountered by Sarah Jane Holm's pert miss. *The Jericho Players* (Dec 23) is Bernard Kops' blend of Chekhov, *Fiddler on the Roof* and wry Jewish tragedy-comedy, with Warren Mitchell, Fenella Fielding and veteran David Kossoff as an old strolling actor in Tsarist Russia.

When you think of it, 90 per cent of Dickens is totally inappropriate to Christmas, which doesn't stop Radio 4

churning out the nail-biter about the nymph and the paedophile hunchback dwarf to celebrate Christ's nativity. A new serialisation of *The Old Curiosity Shop* starts on Christmas Day. Tom Courtenay is a wonderful Quilp, and look out for Michael Maloney (a current Hamlet) as Swivelair. And *Ridley Walker* (Dec 29) is a haunting adaptation of Russell Hoban's futuristic novel of post-holocaust power struggles.

Apart from drama, Radio 4's riches are reflected also in *Foreign Correspondence* (Dec 22), a selection of impressions on Berlin from pens as varied as Wagner, George Eliot, Lenin and Harold Nicholson. Not to be confused with a bumper *From Our Own Correspondent* (Dec 28), a compilation of the best of 1996's reports. The standard is very high indeed. *Correspondents Look Ahead* (New Year's Eve) collects prognostications from foreign postings, besides Portland Place.

On the humour front, Miles Kingston's *Dear Diary* (Dec 23) unearths the Christ-

mas memoirs of the famous including Sherlock Holmes, Dracula, Robinson Crusoe, Billy Bunter, Lady Macbeth... Radio 4 would not be Radio 4 without its American input. *Park Bench and Co* (Christmas Day) recalls Dorothy Parker, Robert Benchley, the Algonquin circle and attendant wits, presented by Mark Lawson. Armando Iannucci hosts *With Great Pleasure*, also on Christmas Day. The Italian Glaswegian behind such abundantly inventive comedy as *Today's Today* reveals his formative influences. Now that should be interesting.

For off-beat quirkiness, *An Everyday Story of Eurofolk* should be worth catching (Dec 27): a look at two Polish soap operas, one set in Warsaw of 40 years' standing, the other as ostensibly rural as *The Archers*. *The Food of Love and Hate* sums up the average family Christmas but is in fact Bob Geldof's survey of political music. Brecht, Dylan, Marley, Bragg (Billy, not Mel-

vyn) and Bono are saluted in the new series that starts on Radio 5 Live on Dec 31. RSL also presents its first drama that day: *Never Walk Alone* - with Trevor Brooking, no less, playing himself - is the story of drugs, corruption and (for all I know) drunkenness and wife-beating in the everyday story of footballing folk. See Christmas in from midnight on Christmas Eve in Hong Kong: Liz Barclay talks to the locals during their last Christmas under British rule. Hopes, fears, resignation... And one could read a broader significance into *Island Line* (Christmas Day). Ostensibly dealing with the past year in the islands off north-west Scotland - sex scandals, campaigns against unfair financial imposition, property-owners' war against fraud, cuts leading to law-breaking, and the gathering of the speculators, entrepreneurs and spivs who care little about the place except for its plunderable resources.

Perhaps it sounds familiar to the rest of the British Isles. Meanwhile, back to Radio 4 for Christmas Eve (repeated on 3 the next day) for the *Festival of Nine Lessons and Carols*. Before King's College Cambridge is sold off to the highest bidder or dug up after the discovery of oil beneath it or flattened for a road development.

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## Music as you like it

Radio 3 offers the most interesting holiday fare, as one might expect. Today Michael Berkeley is the confidant of Sir Claus Moser, described in advance publicity as "a keen music-lover" though his lasting bequest to Covent Garden (where he once held sway) is the totally unsuitable *Die Fledermaus*. Live from the Met is its new production of Britten's *Midsummer Night's Dream* with a fine cast (and our own Peter Rose's Bottom, as seen at ENO). The interval talk provides the fascinating revelation that Britten and Pears shared a Brooklyn house with such names as Paul Bowles, Carson McCullers - and the stripper, Gypsy Rose Lee, she of *Crazy* fame. Could Ben have flirted with the idea of an operatic treatment...?

Christmas Across the World provides 12 hours of

international music on Dec 22, starting in St Vitus Cathedral in the magical city of Prague at 1pm and ending with bells from Finland. Britain's contribution is a considerable performance of Bach with mouth-watering soloists (Kirkby, Bowman, Bostridge, Wilson-Johnson) from St Giles, Cripplegate.

Radio 3's composer of Christmas week is Tchaikovsky - plus Madame von Meck: Alex Jennings and Anna Massey read their letters. Slightly more conducive to festive jollity is the statutory *Messiah* on Christmas Eve: modern instruments, Huddersfield Choral Society and all, though oddly conducted by Roy Goodman who would be happier with a handful of authentic practitioners. Not so jolly Christmas Day has Bruckner's

Ninth, introduced by Stephen Johnson.

*Voices Christmas Party* with Ian Burnside playing host to Kit, the Widow and Ann Murray, should be a hoot (not the most tactful word to use of mezzo-sopranos, but you know what I mean). No hooting from Cheryl Studer's Leonore in *Fidelio* (Boxing Day matinee), a recording of Beethoven's opera from this year's Salzburg Festival. Relax later with medieval music for the Feast of Fools within *New London Consort*.

Radio 4's *Tales from the Organ Loft* reveals a new and rakish area, a world of twitchers racing around the country in search of tuba magna or contra bourdon. More main-

stream is December 28's Met relay of Humperdinck's *Hansel and Gretel* with Dawn Upshaw and Jennifer Lawrence, conducted by Andrew Davis. If you think you know this delightful score, or dismiss it as children's entertainment, think again. The following day we remember Walter Legge of the Philharmonia, Columbia and Elisabeth Schwarzkopf (reader, she married him). A perfectionist, a real musician and a strangely unlikeable man.

1997 opens with Leonard Bernstein as Composer of the Week. Excuse me, but hasn't he been here before? And needless to say, *The Music Machine* ends 1996 in its spiritual home, America, at the Massachusetts Institute of Technology (Dec 30). Less hackneyed is *Les Fêtes*

d'Hébé, Rameau's opera-ballet performed by William Christie's Arts Florissants (New Year's Eve).

Mystery of the month: what will Classic FM's *Iolanthe* be like? There are precedents - Ned Sherrin's *Ratepayers' Iolanthe* and *Metropolitan Mikado*, for example; but Christmas Day offers Denis Healey as the Chancellor, Tony Banks as Private Willis, Teresa Gorman as a fairy and Geoffrey Howe as one of Phyllis' noble suitors. Recorded at Westminster - oh well, it can't be more preposterous than the real thing...

### ART GALLERIES

ANNE REDPATH/JOAN EARDLEY until 18th January 1997, Duncan R Miller Gallery 144 West Regent St, Glasgow 0141 204 0708 for information.



## INTERNATIONAL ARTS GUIDE

## What's on in the principal cities

## AMSTERDAM

**CONCERT**  
Concertgebouw Tel: 31-20-6718345  
● Christmas Eve: by Rimsky-Korsakov. Conducted by Valery Gergiev, performed by the Radio Philharmonisch Orkest, the Groot Omroepkoor and soloists from the Kirov Opera; 8.15pm; Dec 22

**EXHIBITION**  
Van Gogh Museum Tel: 31-20-5705200  
● Sir Lawrence Alma-Tadema: retrospective exhibition of the work of the painter Lawrence Alma-Tadema (1836-1912), who was born in the Netherlands, but settled in London in 1870. In Victorian England he became popular for his idealised, but accurately detailed and colourful scenes of Greek and Roman life. The exhibition features some 70 paintings and a selection of watercolours from international collections. Also on display are photographs from the artist's own collection showing the influence of photography on his work. After the showing in Amsterdam, the exhibition will move to the Walker Art Gallery in Liverpool; to Mar 2

## ATHENS

**CONCERT**  
Athens Concert Hall Tel: 30-1-7282333  
● Nicolas Kymastis: the organist performs works by J.S. Bach, Franck, Roger-Ducasse, Reger and others; 8.30pm; Dec 27

## BARCELONA

**EXHIBITION**  
Fundació Antoni Tàpies Tel: 34-3-4870315  
● Robert Motherwell: exhibition featuring about 80 works by Robert Motherwell from American and European collections. The exhibition includes large paintings on canvas, paintings on paper, collages and drawings; to Jan 12

## BERLIN

**CONCERT**  
Konzerthaus Tel: 49-30-203090  
● Symphony No.9 in D minor, Op.125: by Beethoven. Conducted by Alun Francis, performed by the Tokyo Oratorio Society and the Berliner Symphoniker. Soloists include soprano Amanda Helmigsson, alto Kaja Borris, tenor Clemens Biebert and bass Reinhard Hagen; 4pm; Dec 22  
● Philharmonie & Kammermusikszene Tel: 49-30-2614393  
● Weihnachtsoratorium (Cantatas 1-11): by J.S. Bach. Conducted by Uwe Gronostay, performed by the Philharmonischer Chor Berlin and the Ensemble Ciel Berlin. Soloists include D. Sandmann, M. Schuster, M. Schäfer and R. Trekel; 8pm; Dec 23

**OPERA**  
Staatsoper Unter den Linden Tel: 49-30-20354438  
● L'isola Disabitata: by Haydn. Conducted by Alessandro DeMarchi, performed by the Staatsoper Unter den Linden. Soloists include Alidin, Kammerhofer, Mattman and Wotrich; 8pm; Dec 22

## BONN

**EXHIBITION**  
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200  
● Die Grossen Sammlungen V: Museo Nazionale di Capodimonte, Naples: exhibition featuring a selection of about 130 paintings from the collection of the Museo Nazionale di Capodimonte in Naples. Included in the exhibition are works by Andrea Mantegna, Raphael, Titian, El Greco, Pontormo, Lorenzo Lotto, Correggio, Annibale Carracci, Giuseppe de Ribera, Guido Reni, Artemisia Gentileschi and others; to Mar 2

## BRUSSELS

**EXHIBITION**  
Musée Communal d'Ixelles Tel: 32-2-5119084  
● Alfred Kubin (1877-1959): exhibition focusing on the work of the Austrian graphic artist and painter associated with the Blaue Reiter group. He wrote and illustrated the Surrealist novel "Die andere Seite" (1908) and illustrated various other books, including works by Kafka, Jung, Wilde, Strindberg, Poe, Barbey d'Aurevilly, and Dostoyevsky; to Jan 26

## CANBERRA

**EXHIBITION**  
National Gallery of Australia Tel: 61-6-240-8411  
● Paris: In the Late 19th Century: this major exhibition - which is the result of a collaboration between the National Gallery of Australia and the Musée d'Orsay in Paris - focuses mainly on the Paris of the 1890s, but also traverses the years leading up to that decade and looks forward to the early 1900s. The exhibition features more than 200 works, including paintings, sculptures, decorative arts, fashion, drawings, prints, posters and illustrated books. Artists represented include Van Gogh,



Adoration of the Magi by Andrea Mantegna. See Box

Gauguin, Cézanne, Monet, Renoir, Vuillard, Denis, Gerome, Toulouse-Lautrec, and others; to Feb 23

## CAPE TOWN

**EXHIBITION**  
Michaelis Collection - Old Town House Tel: 27-21-246397  
● Pictures from a Golden Age: this exhibition brings together a selection of old master paintings from the Dutch School to be found in the collections of South African art museums. The display features some 80 paintings, almost half of which come from the Michaelis Collection. The exhibition also includes a few paintings from the collection of the Rijksmuseum in Amsterdam; from Dec 21 to Feb 20

## COLOGNE

**CONCERT**  
Kölner Philharmonie Tel: 49-221-2040820  
● Weihnachtsoratorium (Cantatas 1, 4, 5 and 6): by J.S. Bach. Conducted by Winfried Toll, performed by the Deutsche Kammerphilharmonie Bremen and the Balthasar Neumann Chor. Soloists include sopranos Mona Spägle and Gundula Anders, alto Bernhard Landauer, and tenors Nico van der Meer and Johannes Heppel; 8pm; Dec 25

## COPENHAGEN

**EXHIBITION**  
Ny Carlsberg Glyptotek Tel: 45-33 41 81 41  
● DRUM - a place in Ireland, photographs by Krass Clement: this exhibition comprises a series of around 50 photographs of a particular individual observed in the local pub in Drum, a small Irish village. The photographic sequence reflects on the genuine isolation of this human being, an existence which continues day after day with little variation; to Jan 12

## DUBLIN

**EXHIBITION**  
Irish Museum of Modern Art Tel: 353-1-6718666  
● Beverly Semmes: New and Recent Sculpture: American artist Beverly Semmes uses sculptures to address issues surrounding the body and femininity. Tracing her work's evolution over the past five years, the exhibition features photographs and large environmental installations as well as small-scale sculptures; to Feb 23

## EDINBURGH

**CONCERT**  
The Queen's Hall Tel: 44-131-6683456  
● Messiah: by Handel. Performed by the John Currie Singers and Orchestra; 7.30pm; Dec 22

## FRANKFURT

**EXHIBITION**  
Museum für Moderne Kunst Tel: 49-69-21230447  
● Szenenwechsel X: exhibition featuring works by Albert Oehlen, Robert Rober, Jochen Filzner, Helmut Blum, Miriam Cahn, Nobuyoshi Araki, Larry Clark, Jock Sturges, Rosemarie Trockel, Anke Doherty, Ed Ruscha, Bernd and Hilla Becher, Thomas Ruff, Max Mohr, Markus Ratz, Stephan Balkenhol and Herbert Hamak; to Jan 5

## GLASGOW

**EXHIBITION**  
Hunterian Art Gallery Tel: 44-141-3305431  
● Robert Burns (1759-1796) - The Crawford Years: for the last 15 years of his life, the Scottish artist and designer Robert Burns worked almost exclusively for the Crawford family. This display features these commissions, including illuminated manuscripts and designs for the decoration of Crawford's Tea Rooms in Edinburgh; to Jan 18

## HAMBURG

**CONCERT**  
Musiktheater Hamburg Tel: 49-40-346880  
● NDR-Sinfonieorchester: with conductor Herbert Blomstedt and the Hamburger Alsterspazier

perform works by Charpentier, Honegger and Beethoven; 8pm; Dec 22

**DANCE**  
Hamburgische Staatsoper Tel: 49-40-3517221  
● Vivaldi or As You Like It: a choreography by John Neumeier to music by Vivaldi, performed by the Hamburg Ballet (premiere). Soloists include Gigi Hyatt and Joëlle Boulogne; 8pm; Dec 22

**EXHIBITION**  
Deichtorhallen Hamburg Tel: 49-40-321030  
● Joan Miró: Zeichnungen und Skulpturen 1945-1963: a collection of Miró's drawings and sculptures from the Fundació Joan Miró in Barcelona, including bronzes from the 1960s and 1970s; to Jan 5

## HELSINKI

**EXHIBITION**  
The Museum of Foreign Art, Sinebrychhoff Tel: 358-9-17336380  
● Paper Mirror - Reflections from Rembrandt to the Present: works by Olli Heiskanen, Marja Kanervo, Kari Tiltanen and other contemporary graphic artists are presented alongside works by masters such as Rembrandt, Goya and Pieter Paul Rubens. An exhibition presented in co-operation with the Himmelsbau Graphics Workshop; to Jan 5

## INDIANAPOLIS

**EXHIBITION**  
Indianapolis Museum of Art Tel: 1-317-923-1331  
● Painting in the Age of Enlightenment: Goya and his contemporaries: exhibition of some 60 paintings by Goya and his contemporaries, including Goya, Mengs, Tiepolo and Paret. The show examines the emergence of an official court style in Spain during the 18th century. Works created under royal patronage are contrasted with those created independently, to convey the richness and variety of artistic expression in Spain during the Age of Enlightenment; to Jan 19

## LAUSANNE

**JAZZ & BLUES**  
Théâtre de Beaulieu Tel: 41-21-6432211  
● The Harlem Gospel Singers: an evening of spiritual, blues and jazz standards from one of the finest exponents of the genre and featuring Queen Esther Marrow, "The First Lady of Gospel"; 8pm; Dec 28

## LEIDEN

**EXHIBITION**  
Museum de Lakenhal Tel: 31-71-5165360  
● Jan van Goyen: a major retrospective exhibition devoted to the work of Jan van Goyen (1596-1656), celebrating the birth of this Dutch landscape painter 400 years ago. The exhibition features 60 paintings and drawings from international collections and focuses on van Goyen's role as a renovator of the art of landscape in the Dutch Golden Age. Biographic documents and letters also reveal other aspects of his life, especially his role as a trader in tulip-bulbs; to Jan 13

## LONDON

**CONCERT**  
Barbican Hall Tel: 44-171-6384141  
● Mozart Festival Orchestra: with conductor/harpist/chordist Ian Watson, soprano Ellen Davies, violinist David Jurtz and trumpeters Crispian Steele-Perkins and Edward Hobart perform works by J.S. Bach, Pachelbel, Clarke and others; 3pm; Dec 27

## DANCE

**Royal Opera House - Covent Garden Tel: 44-171-2129234**  
● Cinderella: a choreography by Frederick Ashton to music by Prokofiev, performed by the National Ballet; 2pm & 7pm; Dec 28

## EXHIBITION

Serpentine Gallery Tel: 44-171-4026075  
● Bill Culbert: an outdoor light installation by Bill Culbert, involving

tip-trucks parked on the Gallery lawn lit up with an ethereal blue light, with the effect that their trays become massive light boxes; to Feb 18

**Spink & Son LTD. Tel: 44-171-9307888**  
● Lindy Guinness: "Across the Irish Sea": an exhibition of recent oils and watercolours of Irish landscapes by Lindy Guinness; to Dec 24

**Tate Gallery Tel: 44-171-8878000**  
● The Grand Tour: The Lure of Italy in the 18th Century: for many centuries Italy has enjoyed a reputation as the home of the greatest art and architecture. In the 18th century especially, artists and writers, royalty and nobility travelled there to absorb the atmosphere of antique ruins and to seek inspiration from Renaissance paintings. This exhibition investigates their journey and shows paintings and sculpture, drawings and prints from international collections. The survey includes works by Batoni, Canaletto, Piranesi, Reynolds and Zoffany; to Jan 5

## JAZZ &amp; BLUES

**Purcell Room Tel: 44-171-8604242**  
● Jazz 'n' Voices Christmas Gala Concert: vocalists Julie Dexter, Zena Edwards, Sophia Jones, Maxine Daniels and Allison Evelyn, pianist Robert Mitchell, saxophonist Danyse Baptiste, double bass-player Darren Taylor and drummer Daniel Crosby perform Christmas music; 8pm; Dec 23

## LOS ANGELES

**EXHIBITION**  
Huntington Library, Art Collection and Botanical Gardens Tel: 1-818-405-2100  
● Celebrating William Morris: Selections from the Sanford and Helen Berger Collection: exhibition devoted to the craftsman, designer, poet, printer and socialist William Morris (1834-1896), on the occasion of the centenary of his death. The Berger Collection is rich both in designs and materials from the artisans at Morris & Co, and in books and printed works from the Kelmscott Press. Selected items from the Huntington Library's own holdings complement the exhibition, illustrating Morris' impact on design in America; to Jan 5

**Los Angeles County Museum of Art Tel: 1-213-857-6000**  
● Hidden in Plain Sight: Illusion in Art from Jasper Johns to Virtual Reality: this exhibition examines the status and meaning of visual realism in contemporary art with a selection of 100 works by 60 international artists. Beginning with Jasper Johns' iconic "Flag" of 1956, Pop, surrealism, appropriation, photo-based, video, performance, and immersive electronic media artworks demonstrate how the boundaries between the original and the copy, the authentic and the false, and the present and the past are constantly being tested in our emerging technological era. Included are works by Jeffrey Shaw, Cindy Sherman, Bill Viola, Roy Lichtenstein, Andy Warhol, Nancy Graves, Richard Estes, Eleanor Antin, Jeff Koons, Sherrie Levine, Gerhard Richter, Gary Hill, Yasumasa Kume, Peter Fischli and David Weiss; to Jan 12

## MADRID

**EXHIBITION**  
Museo Arqueológico Nacional Tel: 34-1-5777912  
● Vida Cotidiana en Tiempos de Goya: this exhibition, marking the closing of a year of exhibitions and other cultural events commemorating the 250th anniversary of Goya's birth, aims to draw a picture of Spanish life in Goya's time by showing objects created by peasant farmers, housewives, craftsmen and artists. More than 300 objects are shown, including clothing, furniture and domestic utensils, farming equipment, kitchen utensils and tableware, decorative objects and tools employed in the practice of certain crafts; to Jan 5

## MEXICO CITY

**EXHIBITION**  
Museo del Palacio de Bellas Artes Tel: 52-5-5101388  
● 780000 La mirada del siglo: this exhibition, centered around Luis Buñuel's film "La edad de oro", focuses on work by people who inspired Buñuel or were themselves inspired by his work. The display features some 500 works, including paintings, drawings, sculpture, books and photographs. Artists represented include Dalí, Miró, Magritte, Giacometti, Picabia, Ernst, Tarnowski, Man Ray, Alvarez Bravo and Garcia Lorca. Also on display are 60 photographs of Buñuel working on a film shoot, made by Gabriel Figueroa; to Mar 12

## NEW YORK

**CONCERT**  
Avery Fisher Hall Tel: 1-212-675-5030  
● George Winston: recital by the pianist; 8pm; Dec 22

## EXHIBITION

**Guggenheim Museum SoHo Tel: 1-212-423-3840**  
● Max Beckmann in exile: this exhibition examines Max Beckmann's years in exile (1937-1950), focusing on works created during this period that relate specifically to his struggles as an expatriate in Holland and the US. The display includes about 24 works, including

several of Beckmann's triptychs; to Jan 5

## OPERA

**Metropolitan Opera House Tel: 1-212-362-6000**  
● Hänsel und Gretel: by Humperdinck. Conducted by Andrew Davis, performed by the Metropolitan Opera. Soloists include Upshaw, Lammore, Zschau, Faloon and Noble; 7pm; Dec 23, 28, 29 (1.30pm)

## PARIS

**DANCE**  
Théâtre des Champs-Élysées Tel: 33-1 48 52 50 50  
● Ballet Flamenco Antonio Canales: perform Antonio Canales' Torero to music by Jiménez, Gnanou and Golem, and Antonio Canales' a Cuerda y Tacón to music by Jiménez; 8.30pm; Dec 23, 24, 26, 27

**EXHIBITION**  
Musée d'Orsay Tel: 33-1 40 48 48 14

● Le paysage américain photographié (1861-1890): a photography exhibition documenting both the early years of the art and the adventures of American explorers, captured in wild landscapes such as Niagara Falls; to Mar 2

## PRAGUE

**CONCERT**  
Exhibition Ground-Vystravice Tel: 42 2 6679 8111  
● Luciano Pavarotti: the tenor performs works by Verdi, Puccini, Mascagni, Leoncavallo, Rossini, Sibella and Bido; 8pm; Dec 22

## ROME

**EXHIBITION**  
Palazzo delle Esposizioni Tel: 39-6-4749215  
● Burr: Opera 1944-1995: retrospective exhibition featuring work by the Italian painter Alberto Burr from the 1940s onwards; to Jan 15

## ST PETERSBURG

**EXHIBITION**  
The State Hermitage Museum Tel: 7-812-3113801  
● Western European Applied Art of the 18th-19th Centuries: this exhibition of works from the museum's collection includes about 100 objects of western European applied art of the 18th to the 19th century. The exhibition is organised on the occasion of the 100th anniversary of the founding of the Baron Shchigolev Museum, which was a branch of the State Hermitage Museum for many years after the revolution of 1917; to Mar 1997

## TOKYO

**CONCERT**  
Suntory Hall Tel: 81-3-35849999  
● Tokyo Philharmonic Orchestra: with conductor Neeme Järvi, soprano Mari Midorikawa, alto Yumiko Kan, tenor Yoji Kawakami, bass Toshimitsu Kimura and the Senzoku Gakuen University Choir perform works by Wagner and Beethoven; 2pm; Dec 22

**EXHIBITION**  
Isetan Museum of Art Tel: 81-3-35521111  
● Matisse and Modern Masters from the Cone Collection: exhibition of 73 works from the Cone Collection of the Baltimore Museum of Art, including works by Matisse, Cézanne, Van Gogh and others. The exhibition celebrates the 10th anniversary of the museum's opening; to Dec 28

## VIENNA

**OPERA**  
Wiener Staatsoper Tel: 43-1-514442960  
● Die Schweißende Frau: by R. Strauss. Conducted by Horst Stein, performed by the Wiener Staatsoper. Soloists include Sims, Gonda, Rydl and Skovhus; 7.30pm; Dec 26

## WASHINGTON

**EXHIBITION**  
National Gallery of Art Tel: 1-202-7374215  
● Georges de la Tour and His World: this exhibition brings together 32 paintings by the 17th-century French painter Georges de la Tour (1593-1652) and 10 works by leading contemporaries such as Caravaggio, Jacques Bellange, Simon Vouet, Hendrick van Bruggen and others. The works, selected from public and private collections in Europe, the US and Japan, serve to illustrate the place and meaning of La Tour's art in the context of early 17th-century culture. La Tour is best remembered for his realistic portrayal of scenes from everyday life, such as beggars, musicians or cardsharps, and for the dramatic chiaroscuro of his religious works, such as images of the saints; to Jan 5

## ZURICH

**CONCERT**  
Tonhalle Tel: 41-1-2063434  
● Andrés Schiff: the pianist performs works by Schubert; 10.45am; Dec 22

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## CHESS

What was the most important chess blunder? Some would argue for mate in two missed in a world title match, or for Karpov's overlooking a win to beat Kasparov 6-0 in 1984-85; but I suggest the Rice Gambit.

Isaac Rice, a rich US industrialist, was playing his favourite King's Gambit against a friend and played west 1 e4 e5 2 f4 exf4 3 Nf3 g5 4 h4 g4 5 Nxe5 Nf6 6 Bc4 d5 7 exd5 Bxd5. Rice meant to play 7 d4, but blundered his knight by 8 0-0! Bxe5 9 Re1.

To the surprise of both, White swiftly gained a winning attack, and the Rice Gambit was born.

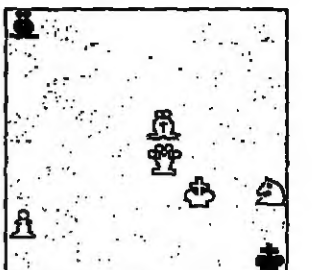
Obsessed with his pet move, Rice sponsored awards and even tournaments and matches to test it. GMs kept the controversy going with new moves for both White and Black. From 1800 to 1894 the Rice Gambit was possibly the major contributor to the world chess economy, even though White's king was weak and the best the GMs could find were drawing lines.

What finally killed the gambit was Rice's own success in persuading world champion Lasker to test it in

a match. 8-0-0 did badly and its inventor, feeling that the top man couldn't save his baby, became disillusioned.

For a late Christmas gift, try the £10 London plastic set from Tournament Chess Supplies (01707-765 9080), British-produced in the traditional Staunton pattern; or telephone lessons (from £15 a month) from GM Nigel Davies at 01783-368921.

No 1158  
Here's a chance to make up for any FT puzzles which



defeated you, by solving a problem which baffled me. White mates in three moves, against any black defence (by P. Orlik). I was convinced there was no solution.

Answer next Saturday.

Leonard Barden

## BRIDGE

The mysteries of so many bridge hands are lost forever in the hurriedly shuffled deck. Keeping the cards in front of you, duplicate style, allows you to review the action and either bask in your glory, or learn from your indiscretions...

**N**  
♠ Q 10 5 3  
♥ 8 5  
♦ K 10 9 8  
♣ K 9 6  
**E**  
♠ A K 9 8 6  
♥ 10 2  
♦ J 5  
♣ Q J 5 3

Following East's 1S opening bid, South found himself playing in 4H. West led J♠, covered by North's Q♠, to East's K♠. A♠ was cashed, and then 6♠ played. South ruffed with J♥ and East proudly overrudded with K♥. Unfortunately, this was the last trick for the defence.

To tempt the defender to overruff incorrectly, declarer might try ruffing originally with Q♠. This should not work, because West should always hesitate before overruffing with a natural trump trick.

However, unless West for- sees the possibility of a trump promotion, he may play automatically, his mind already set on the forgoing shuffle and the fortunes of the next deal...

Paul Mendelson

This week's prize crossword is a larger Christmas special and appears on page 11



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James Morgan

## Asods' law is universally applied

But is especially irritating during this season of climatic incorrectness

During this season we in the northern hemisphere dream of distant sun and long days. But my time south of the Tropic of Cancer sowed the seeds of what I now identify as Acquired Seasonal Obsessional Dysfunctional Syndrome - Asods.

It started while I was living in Malaysia. I would come home in November and grow strangely irritated as people endlessly remarked: "I suppose it's summer over there then."

Through gritted teeth one replied that the point of the tropics is that there is no summer.

Things got worse over time. In April, I flung a novel called *Takeover* in the path of an air

stewardess; it described the "heat of a tropical midsummer night".

The condition might not have deteriorated had I not ventured south of the equator. The fact that February is high summer in most of South America is no problem but that the sun goes the wrong way is. From right to left.

Nobody else notices or cares. In my case the Asods virus has broken down the immune systems that enable one to ignore minor changes affected by the movement of the earth or one's movements about it.

Those who are immune become the source of rage and fury. The popular novelist, Robert Goddard, in his work *Past*

*Caring*, set certain crucial events in South Africa. In September 1902. Thereafter the protagonists made frequent reference to the "events of the autumn of 1902". But September is spring in South Africa.

Today my son hides his collection of Goddard's oeuvre and the author is not discussed in my presence. Today is, for many, the winter solstice; for my family it marks a time of trial as the obsessional nature of my affliction lets rip. There will be seasonal fare on television that will cause great stress.

Everyone must know the problem but only I will protest. It will be manifest as you watch a Christmas drama; there will be a family exchanging presents in

front of a blazing open fire. But outside you can just see that the boughs of the trees are heavy with leaf and the sun stands high over the lawn. Concentrate on this and your Christmas will be ruined.

The first evidence of my heightened form of Asods emerged while watching a TV serialisation of J.B. Priestley's novel, *The Good Companions*, some years ago. At one point in this drama the cast, a group of itinerant players, perform in a pantomime. For those outside Britain, a pantomime is a per-Christmas dramatic entertainment that turns a familiar fairy tale into farce. Anyway, the players at one point move by train from one venue to another. From

the carriage, the viewer could discern golden fields with what appeared to be harvesting taking place.

Upstairs ensued. Family life is ruined by such trivia and this is the main symptom of the affliction. It is not that one's own enjoyment of some facetious entertainment is undermined, but that one wishes to infect everybody else. And it is at Christmas that the dangers are at their greatest, for this is the season of the winter's-tale-made-in-summer.

But this year generally has been bad. The film of the book *Emma* contained consecutive scenes where the protagonists went strawberry picking. And then they had a picnic. At the

picnic, tomatoes appeared in abundance. And apples in the background. No early 19th century English table could have been thus arrayed. June, August and October were united in a single day. I thought the whole cinema should know.

The only solution is to confront the problem head on. If one suffers from a fear of flying one should fly and familiarity will breed not contempt but acquiescence. I am, therefore, planning an exciting film or TV drama centred on the next Winter Olympics. It shall be called "Black Grapes, Red Tulips". I am in the market for a screenplay. Season's greetings.

James Morgan is BBC World Service economics correspondent.

## Peter Aspden Don't ask me why



We never seem to hear very much about chaos theory these days, which is a shame. I well remember the frisson of excitement I felt when I first heard

that the flap of a butterfly's wing in the Australian outback could cause a tree branch to fall on my head, or a Spice Girl to say something intelligent about politics, or the football team I support to score a goal.

I loved the idea, simply because it gave scientific legitimacy to the ancient and subversive belief that, no matter how we plan our lives, there is something out there which is hatching its own grand narrative for you. My personal preference has always been for the existence of wild, capricious gods who routinely vent their wrath on humanity, because they have had a taxing morning; but I understand that theory is a little discredited now, and I am prepared to accept the modern version.

Both Zeus and the gang and our flustering friends on the other side of the world (and I won't even begin to talk about the Christian God, who is altogether a more complex character) are inventions which cater for the same basic need: to help explain the inexplicable.

It is the single greatest source of human anxiety: the realisation that there is no absolute *quid pro quo*, no intrinsic relation between doing and being done to, no innate sense of cosmic justice in the world. From Aeschylus to the Silver Surfer, Hamlet to Morrissey, this is the one question that haunts us, that prevents us from feeling deliciously happy about our lives: Why? (or Why Me?, as it is more usually framed).

## In the land of the free there is little room for determinism

It is fascinating to watch the way in which different cultures deal with the big imponderable. In general, those old societies riddled with a history of war, oppression, and sadness cope rather well with life's vicissitudes. Talk to an artist or politician from eastern Europe, for example, and you are never far away from an ironic aside or the knowing curve of the mouth which announces that things may be like this today, but who can say about tomorrow?

When Tadeusz Mazowiecki emerged victorious as the new Prime Minister of Poland in the 1980s, he made his first visit to the Council of Ministers building in Warsaw and declared: "The windows are very small and the room is very big. It made me a bit afraid." This poignant declaration, so rich in metaphorical meaning, should be pinned to every prime minister's residence in the world. But not every political leader carries the gloomy baggage of recent Polish history on his or her back.

In the New World, such melancholic demeanour is frowned upon. Imagine an American president dispersing such negative vibes in the wake of his election (perhaps Bobby Kennedy at his most soulful might have brought it off, but look what happened to him). In the land of the free, there is little room for determinism. Which other nation would house its cultural metropolis on a seismic eruption waiting to happen? And which other nation could take the notion of an "earthquake-proof building" as a tempting effort to nature if ever there was one - at all seriously?

In general, those societies which have become more secular have little patience for the unpalatable idea that there are limitations to the desires of the human will. Hubris is a stranger to them. But the inexplicable will still happen; and the victims of random misfortune will still demand explanations: why me?

Hence the insatiable appetite of contemporary science to illuminate the dark, scary corners of the human condition, where the simple chains of cause and effect mysteriously become undone. We are bombarded ever more fervently by nutritionists, psychologists, physicists, claiming to have found the various keys to long and fulfilling life. We are offered the prospect of a definitive gene map, which contains sure guidance to physical health and, by extension, prosperity.

But I, for one, feel much happier simply hoping that the butterfly's wings are with me today; or that Apollo is not in too ugly a mood as I walk to work in the morning. Some of life's surprises - good as well as bad - are not meant to be explained away. Cultivate the chaos in your life, and enjoy.

Hugh Dickinson

## Private View

# The voice of Christmas to the world

On Tuesday about 250m people will tune in to the King's College choir. Christian Tyler met its head chorister

Outside, a Fenland fog clung to the chapel walls. Inside, the last shreds of a grey afternoon had been filtered out by stained-glass windows of midnight blue. Electric lamps threw their beams up delicate ribs of fan vaulting. Below, the faces of the choristers, huddled like refugees in the empty church, were gently illuminated by glass-shaded candles.

The music director took his place between the choir stalls, facing *The Adoration of the Magi*, a large Rubens altarpiece uncomfortably wedged beneath the East window. Bending towards a discreet microphone on his stand he asked for an E minor chord from an invisible organist. The choir of King's College, Cambridge, was at practice.

On this occasion the choir had an audience of one. On Tuesday an estimated 250m people will switch on their radios to hear it sing the Festival of Nine Lessons and Carols, the traditional Christmas Eve service.

Americans organise brunch parties for the broadcast; in South Africa they take it with cocktails on sun-baked verandas. And because radio waves travel faster than sound waves, the outside world will hear the singing before the people crammed at the back of Henry VI's chapel.

The 14 young men and 18 boys of the famous choir are used to audiences. Yet, the most nervous moment of the year will have to be faced half a minute before the broadcast begins when director Stephen Cleobury chooses one of them to sing the solo opening verse of *Once in Royal David's City*.

Last year the finger of fate pointed to Edward Saklatvala. "It's quite a good feeling to know you've done it well," he told me before the practice. "But it is quite nerve-racking."

This year, having just turned 13, Edward's veteran status is recognised in his honorific title of Head Chorister. His duties include "writing things up on the board, looking after Mr Cleobury's music and getting the crock lined up."

The boys walk in crocodile formation down to the chapel from King's College School on the

other side of the River Cam, dressed in their "Ettons" - a uniform of stiff collar, waistcoat, striped trousers, short jacket and top hat. In summer they have to run the gauntlet of what Edward described as "the Japanese tourists with their hi-tech cameras."

He added: "We had to walk through the middle of New York in our Ettons once."

Was that humiliating?

"No, it was quite fun."

A lot of church choir music is bought these days by people who have not the slightest interest in religion. It is said to be popular with drug-takers, for example, and has become a staple of the "crossover" market. The Benedictine monks of Santo Domingo de Silos in northern Spain sold more than 6m albums of their Gregorian chant in four years. I asked Edward if he found it odd.

"Well, not really. I mean, it is

## If a singer botches a note in rehearsal, he raises a hand to show he is aware of the mistake

just music. I don't think it's that weird."

What do you think about while singing: the music or other things?

"In a normal service I sometimes think about other things. But if a lot of people are listening you concentrate on getting things right."

Does it improve the singing if you think about the meaning, about God?

"Mr Cleobury does go on about that quite a lot. He says it's not like reading out the football scores or something like that."

Do you feel moved while you sing?

"It really depends what we're singing. Some pieces are just quite boring."

Among "boring" composers he counts the 18th century William Byrd, whose music he compared to "dice-rolling with weighted dice. It's nice to listen to because it's quite nice music. It's just that it's boring to sing."

"Some pieces like Stravinsky are just completely random, very difficult but not absolutely really nice." He professes the up-beat Victorian Sir Charles Stanford because he is lively and complex.

What about pop music?

"Anything from Oasis, the Spice Girls or the Fugees."

About the choir's in-house pop group, Poison, however, he was not complimentary.

Choristers must be good all-round musicians. If a singer botches a note in rehearsal, he raises a hand to show he is aware of the mistake so that the choir can continue uninterrupted. Today they were practising *The Song of the Cherubim*, a difficult-sounding work of ethereal dissonances over a rumbling Russian bass by the modern Polish composer Penderecki. When they came to the end of *Song to the Virgin Mary* by his compatriot Panufnik, Cleobury congratulated them on their stamina.

Edward is a violinist as well as a singer - "a stunning violinist" according to his housemaster. He plays not only Bach and Mozart but also Grieg, Brahms and Shostakovich. He hopes, like his elder brother, to get extra-mural coaching at a music college when he moves on to St Paul's School in London and perhaps return one day to King's as a choral scholar.

"I don't know what singing would be like professionally, like Pavarotti or something. But I mean just at the moment it's fun. The choir gets around quite a bit," he added, mentioning this summer's tour to South Africa.

"We were going to sing in the Madonna film, but Mr Cleobury didn't want us to."

Who are your main rivals?

The head chorister answered without hesitation: "John's."

St John's college choir down the river may be less well known than King's but it has a high reputation. "They sound quite different," Edward said. "When we sang the Tippett negro spirituals in a joint service, their ten-



The chorister to sing the opening solo is chosen at the last minute. Last year it was Edward Saklatvala. Lydia van der Meer

or... I wouldn't say he sang the notes, he just sort of shouted them."

St John's also has a junior school and Edward added with some satisfaction: "We haven't lost a cricket match against them for, oh, well, not since I've been here."

Other domestic rivals include the choir of nearby Trinity College (which includes girls); New College and Christ Church in Oxford; Winchester Cathedral and the Roman Catholic Westminster Cathedral in London.

Asked about a career, Edward seemed to want to emulate his father. Jeremy Saklatvala is a

professor at the Charing Cross Hospital in London who plays the cello in his free time. His wife, Teresa, is editor of a science journal and their three other children - George, Kathryn and Eleanor - all play one or two instruments.

The surname comes from a Parsee merchant family in Bombay. Shapurji Saklatvala, Edward's great grandfather, was a celebrity: he was a co-founder of the Communist Party of Great Britain in 1920 and, representing North Battersea, became the first man to win a seat in parliament on a Communist ticket.

As seasonal workers, with services, concerts and broadcasts in

store, the King's choristers have a truncated Christmas break. For the boys, there is compensation in the form of visits to the cinema and the pantomime, a choristers' disco, and presents worth up to £15 from the college.

On Christmas morning there is a treasure hunt at school. The headmaster, Andrew Corbett, dresses up as Santa Claus and goes into hiding with their Christmas stockings. "He's always either in the chorister block or the common room," Edward said. After singing the morning service in chapel - usually Mozart - they are released to go home to their families.

We try to cling on to both the beauty and the pain. Without the pain the beauty has no heart. Without the beauty the pain has no hope. A cathedral is one way of keeping alive a rumour of angels in a seemingly dark and cruel world.

There is an ancient Chinese saying: if you have only two pennies left in the world, spend one on a loaf to keep you alive and the other on a rose to give you something worth living for.

As we stuff the turkey we might do a mental sum of what our little feast is going to cost, and on New Year's day send a cheque to Save the Children.

Some will go on to fast for them in Lent. Both feasting and fasting keep us in touch with our humanity. For the truth of the matter is that we have enough spare cash to feast ourselves occasionally and succour the needy.

We may also recall that Jesus said Heaven is a Feast, raise a glass to prayer for our friends in the Sudan, and look forward to being able to vote to restore the cuts in this country's overseas aid. For some it promises to be a Happy New Year.

Hugh Dickinson

## Truth of the Matter

# Feasting is good for us

We have enough spare cash to eat long, happy meals and succour the needy

But apart from the gastronomic elite for whom eating deliciously and extravagantly is an art form or at least a "statement", there still remains a solid cadre of caring people who find themselves annually troubled and uneasy about the Christmas tinge.

They are the people who look down the right-hand side of the menu before they look at the dishes to which the prices are attached. They do not buy wine which costs more than £5. They top up uneasily the number of blind children in Bangladesh who could have their eyesight restored for the price of a meal for four in a London restaurant. Even when someone else is paying the bill, doesn't it stir a twinge of angst?

But feasting is good for us. It is a way of celebrating the community of family and friends. It loosens the constraints and softens the edges of relationships. It

opens windows into the hearts and feelings of our neighbours and kindles affection. It suggests for a few happy hours that the generosity and good humour generated by shared physical delights might be the true human condition. It is the next best thing to a sauna with none of the awkwardness. We need our feasts, our long and happy meals, to remind us that this kind of intercourse keeps us human. The wonderful film *Babette's Feast* says it all.

But just over the horizon is Rwanda and Bosnia. On our doorsteps people are sleeping on the street. In freezing tenement blocks single-parent families spend less in a week than we spend on a single meal with our friends. They are the mental skeletons at our feasts. Most people block them out. We can become consumed with a kind of schizophrenic paralysis thinking of

them. Usually we end up by sending a cheque to Save the Children and get on with stuffing the turkey.

Serving a great Cathedral forces this dilemma down one's throat every day, not just at

Without pain, beauty has no heart. Without beauty, pain has no hope

Christmas. All that beauty. But the beauty is expensive. The music is ravishing but extravagantly costly; vestments and robes cost thousands; the printing bill is horrendous; the heating bill is worse; 90 employees

Great Aunt Emily was energetically austere, exceedingly plain and wore brown. Great Aunt Sophie was systematically economic, pinkly wrinkled and wore blue.

Towards the end of their immensely long lives they converged physically and were hard to tell apart except by their colour coding. They were sharply intelligent and high-minded. For them food was fuel for the mind and good works. Great nephews staying with them were discouraged from second helpings with the admonition that they should think of the poor children.

"Needy" and "greedy" were uncomfortably convenient rhymes for pointed jingles designed to keep the moral fibre taut.

Of course it may have been the effect of wartime austerity on characters already naturally inclined to self-denial. Certainly war-time hunger left an indelible imprint on the minds and fridges of the generation which lived through it. "Waste not want not" carried to ideological extremes ends up with five baked beans saved in a small saucer at the back of the ice box. Growing whiskers.

سكياتو الاول







# Weekend Investor

Wall Street

## 'Tis the season for Triple Witching

Turmoil on the money markets embroils John Authers in another primeval rite

ADD another primeval rite to the holiday season. Yesterday saw a ritual which is celebrated with total turmoil on the money markets: Triple Witching. Nothing to do with Halloween, it is the name given to the four days each year when options on stocks and indexes, and futures on indexes, expire simultaneously. It usually creates immense and apparently irrational market volatility.

While derivatives were not solely to blame, Wall Street certainly had a crazy week. Before yesterday's mayhem, when the Dow Jones Industrial Average gained 60 points in the first half hour of trading, it had registered on Thursday its second highest points gain ever, up 126.87 points for the day, mainly in reaction to healthy trade deficit figures.

On Tuesday there had been heavy selling, on some what improbable speculation that the Federal Reserve, meeting that day, would raise base rates. Housing figures also suggested the economy was growing faster than had been thought. And on Monday trading was so volatile that the "up-tick" and "down-tick" rules were triggered. These are in place to restrict excessive computer-driven selling on days when the market is significantly up or down. And on that day, the Dow was at different times both up and down 50 points compared with its opening, only the second time this has happened.

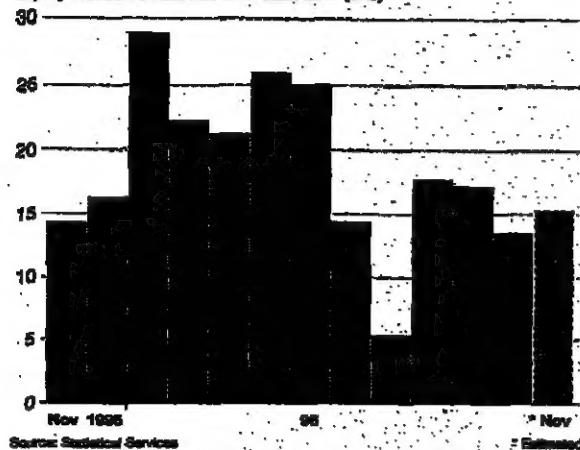
The net result is less impressive than these huge swings suggest. Thursday's close, of 6,473 for the Dow, was identical to its close on Tuesday the week before. Its eye-catching daily rise was only 2 per cent, a gain that had been managed in a day more than 100 times before.

Away from the technically induced ferment on the trading floor, America's small investors had the opportunity to take stock. The closing weeks of December are also the cue for a welter of fresh statistics on the mutual fund industry, which has provided marketeers with a reassuring flow of cash.

This has brought the industry under unprecedentedly tight scrutiny. And this has revealed many practices

### Still more buyers than sellers

Equity mutual funds: net new cash flow (\$bn)



and policies which unit trusts, their British counterparts, ought to emulate. The Investment Company Institute confirmed that mutual funds had had a record year. As of the end of October, there were 6,301 funds with combined assets of \$3,390bn, of which 48.7 per cent was in equity funds.

Net new cash flow (new money minus redemptions) to stock funds for the year to October was \$192.62bn, more than double the \$97.51bn for the same period last year, and comfortably ahead of the \$128.33bn recorded for the whole of 1995.

Inflows as a percentage of total assets were not particularly high. Average monthly inflow was 1.36 per cent of total assets - up from 1 per cent in 1995 and 1.24 per cent the year before, but well below the levels of 1993 and 1992, when inflows ran at 1.74 and 1.47 per cent of assets. Flows are not at an unsustainably high level.

There have been winners and losers among the managers. Vanguard, high priest of low charges, and best known for its cheap index-tracking funds, attracted \$20.7bn in new assets by the end of the third quarter, according to Strategic Insight, a New York research group. That money increased its assets by 14 per cent compared with the beginning of the year, before market gains are taken into account. It is now the second largest US fund group, behind only Fidelity.

The impact of charges can be overstated. Investors still care most about investment

performance, but charges are still at the top of the agenda, mainly due to Fidelity, which has had a bad year. At Fidelity, if a fund has beaten its benchmark index over the preceding 36 months, it will take a larger percentage charge; and if it has lost to the index, the performance charge will drop. The total available range is plus or minus 20 basis points, or hundredths of a percentage point.

Last week, it was announced that the Magellan fund, flagship for both Fidelity and the whole industry, had slipped behind the return on the S&P 500 index for the 36 months to the end of September. So it cut its charge. This could cost Fidelity more than \$100m in charges foregone. The announcement led to a renewed outbreak of *schadenfreude* about Magellan's well publicised problems this year.

But the UK unit trust industry might notice that Fidelity's charging system puts managers on the side of their own investors. And charges across the US industry are far lower. The average charge on a US diversified equity fund is 0.74 per cent, and for a specialist stock fund, 0.68 per cent. This is barely half the 1.25 or 1.5 per cent norm in the UK.

### Dow Jones Ind Average

Monday	6268.35 - 36.62
Tuesday	6308.33 + 39.98
Wednesday	6346.77 + 38.44
Thursday	6473.84 + 126.87
Friday	

London

## How the runes square up

Philip Coggan is no Nostradamus - however...

WHAT most investors would like for Christmas is a consultation with Mystic Meg or Nostradamus, giving them a clear picture of the stock market's movements in 1997. Should they pile into the market or get out while London is at an all-time high?

Alas, this column has no clairvoyant qualities, but it can bring you the forecasts of some of the leading UK equity analysts. Among the most bullish is Bob Sample, equity strategist at NatWest Securities. He thinks that the UK will enjoy decent economic growth and rises in profits and dividends through the year. "A new Labour government will be tough on both monetary and fiscal policy which will allow bonds to rally, and lower bond yields will drive equity markets next year," he says.

Worries about the election

and the first Labour Budget may give the market a rough ride in the early part of the year. But by the end, Sample expects the FTSE 100 index to be in the 4,500-4,600 range. Some analysts are worried about a setback on Wall Street next year but if that occurs, Sample believes that the spread between Footsie and the Dow Jones Industrial Average should narrow.

Ian Williams, UK equity strategist at Parnore Gordon, is also upbeat, with a Footsie target of 4,500 by end-1997. "Analysts are underestimating the strength of earnings," he says. "The economy is going to grow by 3.8 per cent in 1996 and that will be a big help to corporate profits."

Although base rates are expected to rise in 1997, Williams says, "a rise in rates to 7.5 or 8 per cent, compared with the sort of moves we have had in the past, is really not that great. People tend to forget that the mar-

ket can go up when short rates are rising."

Nor is he worried about the election. "Our inclination is to look through the politics at the economic fundamentals," he says, adding that "the perception of international investors is that Gordon Brown is a safe pair of hands."

Robert Buckland, UK equity strategist at HSBC James Capel, says: "We are not expecting much help from interest rates in 1997. But if rates only go up to 6.75 per cent by the end of the year, it will not undermine the market. Meanwhile profits and dividends should grow at 10-11 per cent, and if the market goes up in line, Footsie will hit 4,400."

Another area of support, he argues, is that investment institutions already have 5.6 per cent of their portfolios in cash. "That is well above the historical average and nearly twice the level prevailing before the 1997



Alas, this column has no clairvoyant qualities

Mary Rose

crash," he says.

The global team at Kleinwort Benson has a very bullish forecast for Wall Street and this puts a constraint on Philip Isherwood, the group's UK strategist. "The question is to what degree we follow Wall Street down," he says, "but if it does fall, you have got to remember to buy it. We believe the UK is a cheap equity market relative to a cheap bond market. Domestic worries, on politics, inflation and earnings are overstated." Isherwood's short-term downside target for Footsie is 3,650 but he expects a strong rebound later, taking the leading index to 4,350 by the end of 1997.

Richard Kersley, equity strategist at BZW, is predicting that Footsie will end 1997 at 4,300. "The UK looks good in relative valuation terms because it has been a poor performer in local currency terms in 1996, in terms of equities as well as gilts. The convergence story has helped other bond markets but not the UK, while the UK has been virtually the only place in the world where interest rates have gone up. But interest rates may start going up in other places in 1997 as the world economy recovers."

Mark Tinker, the UK strategist who recently moved from James Capel to UBS, thinks that corporate earnings will grow by 8.9 per cent in 1997 and Footsie should rise in line to hit 4,300. "I can't see anything that will sustainably change the market's rating," he says. "Interest rates may rise to 6.75 per

cent but not to a level that would crowd out equity investment. A Labour election victory is priced in on the macro-economic side, although there is a risk that a new government could hit the corporate sector with excessive regulation."

Richard Jeffrey, Charterhouse group economist, backed Footsie to finish 1996 at 4,000 and is going for the same level at the end of 1997. "The index may reach better levels at mid-year. The market could go up 10 per cent or so as investors become more optimistic about economic growth and the outlook for earnings."

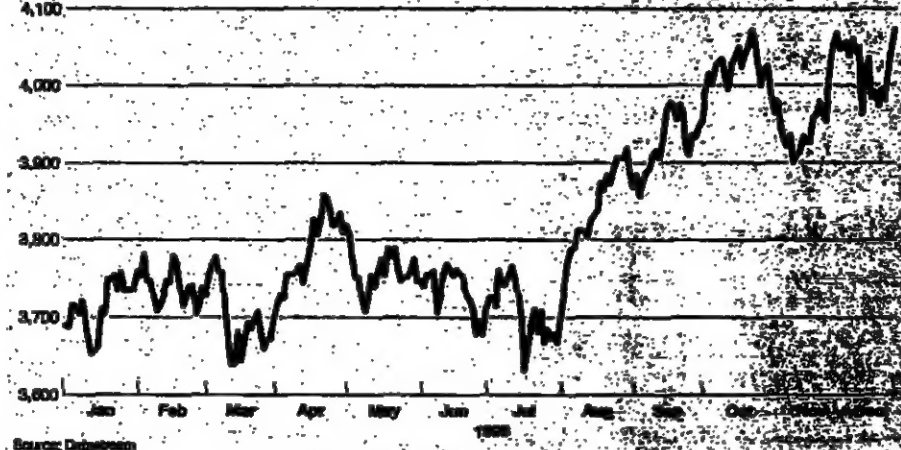
But in the second half of the year, investors will become more nervous about inflation and interest rates and Footsie will fall back. Jeffrey expects inflation to hit 4 per cent by the end of the year and base rates to reach 8.5 per cent.

The most bearish view is taken by Mark Brown, head of strategy and economics at ABN-Amro Hoare Govett. He thinks Footsie will drop to 3,700 by the middle of the year before rebounding to finish 1997 at 3,900, still below current levels.

Brown expects bond yields to rise round the world, as activity recovers, and this will put the brakes on equities. Corporate earnings may also be squeezed by a tightening labour market. Dividend growth is slowing, he says. Payments rose 9 per cent in 1996, and he is looking for 7 per cent in 1997 and 6 per cent in 1998.

### 1996 was good: what about 1997?

FTSE 100 Index



### Highlights of the week

	Price	Change	52 week	52 week
	£/share	on week	High	Low
FTSE 100 Index	4077.6	+105.2	4077.6	3575.9
FTSE 250 Index	4448.4	+80.1	4448.4	3539.7
ADT	1380	+177.6	1550	958
British Aerospace	1209	+53.6	1210.6	779
British Airways	7425	+87	7425	308
BSkyB	525.5	+49	527	378
Clyde Petroleum	119.5	+39.5	121.5	55
GIK	982.5	+49	1198	755
General Accident	780	+72	770	612
Laporte	60	+16	722	628
Newmont-Tenax	151.5	+49	151.5	99
Reliance (p/b)	383	+35	400	205
Scottish Holdings	681	+45.4	608	524
Shrewsbury Group	445	+14	458	38
Wills Coroon	142	+10.5	169	115.5

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